ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರಿಕೆ

ಭಾಗ – ೧ Part – I	ಬೆಂಗಳೂರು, ಶುಕ್ರವಾರ , ೧೪, ಆಗಸ್ಟ್, ೨೦೨೦ (ಶ್ರಾವಣ ,೨೩, ಶಕವರ್ಷ, ೧೯೪೨) Bengaluru, FRIDAY, 14, AUGUST, 2020 (Shravana , 23, ShakaVarsha,1942)	ನಂ. ೩೪೫ No. 345

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: New Industrial Policy 2020-25 – reg.

Read: 1) Government Order No. CI 58 SPI 2013, dated 01.01.2014.
2) Government Order No. CI 224 SPI 2015(P2), dated 01.02.2016.
3) Government Order No. CI 204 SPI 2015, dated 12.09.2016.

*****

PREAMBLE:

Karnataka is a land of immense opportunity and innovation. It is ideally positioned to make the future happen today. The State's manufacturing process is supported by critical enablers such as: thriving ecosystem, highly skilled and talented workforce, empowering institutional & policy environment; favourable business climate and robust infrastructure.

Government has taken many initiatives to enhance its stature as one of the leading high-tech industrialized States in the country and is in the forefront of attracting investments from across the country and abroad. As a result, the State ranks 1st in attracting investment intentions since 2016 and has attracted FDI of US$ 37.67 billion during the period April 2000 to March 2019, constituting 9 per cent of the all India FDI.

Government of Karnataka comes out with industrial policies at regular intervals of five years to ensure a well-balanced, sustainable and inclusive industrial development throughout the State. The State Government had announced Karnataka Industrial Policy 2014-19 read at above for promoting manufacturing industries in the State. This Policy came into effect from 01.10.2014 and had validity for a period of 5 years or till the announcement of New Industrial Policy is announced.

During formulation of the New Industrial Policy 2020-25, several interactions and stakeholder consultations were held across the State wherein views, demands and

suggestions of industry/industry associations / departments on key areas have been received and intricately incorporated in the policy.

The new industrial revolution presents new opportunities for industry, particularly manufacturing and manufacturing-related service industries including smart manufacturing, customization, collaborative production etc.

The focus of the New Industrial Policy 2020-25 is to build on the strengths of Karnataka's industry and to enable it to fulfill its role as the engine of growth and to shoulder responsibility of adding more hi-tech value and employment.

In view of the above, a decision has been taken by the Government to formulate and adopt a New Industrial Policy for the period 2020-25. Hence, the following order:

GOVERNMENT ORDER No. CI 199 SPI 2018,

BENGALURU, DATED 13.08.2020.

In the circumstances explained in the preamble, Government is pleased to announce the New Industrial Policy 2020-25 as detailed in **Annexure,** enclosed to this order, to build on the strengths of Karnataka's industry and to enable it to fulfill its role as the engine of growth and to shoulder responsibility of adding more hi-tech value and employment.

The salient features of New Industrial Policy 2020-25 are as follows.

(i) Vision

To emerge as a global leader in Advanced Manufacturing, Research & Development, and Innovation and to create an ecosystem for an inclusive, balanced and sustainable development of the State.

(ii) Mission

To retain Karnataka's position as a global manufacturing hub and to achieve higher and sustainable industrial growth through capital infusion, technology transfer, world class industrial infrastructure, skill up-gradation and benchmarking of policies and practices to best global standards.

(iii) Objectives

a) To attract investments worth INR 5 Lakh crore
b) To create employment opportunities for 20 Lakh people
c) To reach 3rd position in merchandise exports in the next five years
d) To maintain an industrial growth rate of 10 per cent per annum
e) To provide an enabling ecosystem for technology adoption and innovation

(iv) Strategies

a) Promote sustainable, balanced and inclusive industrial growth.
b) Enable employment generation and increase labour market flexibility through regulatory labour reforms.
c) Create strategic tie-ups for the emergence of Karnataka as the Knowledge and R&D Hub.
d) Focus on development and promotion of the MSME Sector.
e) Facilitate availability of industrial land.
f) Promote Tier II / III cities of the State as engines of economic growth.
g) Place Karnataka in the forefront of India's international trade.
h) Showcase Karnataka as the “Factory of the Future”- Industry 4.0
i) Engage with various stakeholders to develop sector specific skill development strategy
j) Attract private investment in development of integrated / multi / sectoral industrial parks and flatted factories.
k) Create an environment to enhance ease of doing business in the State
l) Support for R&D & Technology Upgradation

The New Industrial Policy 2020-25 and package of incentives and concessions shall come into effect from 13.08.2020 and will be valid for a period of 5 years or till a new policy is announced.

This order is issued with the concurrence of the Energy Department vide Note No. ENERGY/481/VSC/2019-EMC-Energy Secretariat, dated 20.12.2019; Labour Department vide File No. CI 199 SPI 2018 (P5); Planning Department vide Note No. PDS/46/PFR/2019, dated 20.12.2019; Infrastructure Development Department vide File No. CI 199 SPI 2018 (P4); Revenue Department vide Note No. RD 01 LRA 2020, dated 06.03.2020; Urban Development Department vide Note No. UDD 2 TTP 2020, dated 30.04.2020; Rural Development & Panchayath Raj Department vide File No. CI 199 SPI 2018 (P7); Water Resource Department vide File No. CI 199 SPI 2018 (P11); Finance Department vide Note No. FD 277 Exp-1/2019 / CI 199 SPI 2018 (P3) dated 23.06.2020 and Cabinet Note Subject No. C-317/2020 held on 23.07.2020.

By Order and in the name of the
Governor of Karnataka,

(GAURAV GUPTA)
Principal Secretary to Government,
Commerce & Industries Department.

Annexure to G.O. No. CI 199 SPI 2018 dated 13.08.2020

New Industrial Policy 2020-25

Government of Karnataka

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01

Preamble

1 Preamble

1.1 Karnataka – at a Glance

Karnataka today is at an inflection point. The economic fundamentals including State Gross Domestic Product, industrial growth, integration with the global economy and investment inflows are stable and growing. Now is the time to change gears and embark onto a path of radical strategic reforms to place Karnataka on the global value chain map.

Karnataka is the fourth largest and one of the fastest growing States in India with a INR 16,99,115 crore economy growing at around 10.00 per cent at current prices as per Economic Survey of Karnataka 2019-20. Karnataka has carved out a niche for itself in the global market as the knowledge and technology capital of the country. The State is spearheading the growth of Indian industry, particularly in the areas of electrical and electronics, information & communication technology (ICT), biotechnology, nanotechnology, pharmaceutical, aerospace and nano machinery 4.0.

The contribution of industry and manufacturing sector to Gross State Domestic Product (GSDP) stood at 22.01 per cent and 14.46 per cent during 2018-19 respectively. The State recorded INR 6,51,983 crore worth of exports in 2018-19, constituting 17.80 % of the country's export and the largest contributing sectors were software exports followed by engineering products, petroleum products, readymade, basic chemicals and pharmaceuticals.

Government has taken many initiatives to enhance its stature as one of the leading high-tech industrialized States in the country and is in the forefront of attracting investments from across the country and abroad in disruptive technologies viz. Artificial Intelligence, Automation, Data Analytics, Machine Learning, 3D Printing and Robotics, etc. As a result, the State ranks 1st in attracting investment intentions since 2016 and has attracted FDI of US$ 37.67 billion during the period April 2000 to March 2019, constituting 9 per cent of the all India FDI.

'Futuristic Karnataka- *where future* is made'

Karnataka is a land of immense opportunity and innovation. It is ideally positioned to make the future happen today. The State's manufacturing prowess is supported by critical enablers such as: thriving ecosystem, highly skilled and talented workforce, empowering institutional & policy environment; favourable business climate and robust infrastructure

Robust Infrastructure to Support Industrial Growth: Infrastructure is central to the State's effort to deliver inclusive and robust growth. With good rail, road and air connectivity, logistic support, and excellent tele-communication network the State's robust physical infrastructure has created a conducive environment for industrial development.

i. **Industrial Infrastructure:** Infrastructure is central to the State's efforts to deliver inclusive and robust growth and Karnataka is already on the path of rapid industrial infrastructure expansion. Karnataka Industrial Area Development Board (KIADB) has developed 170 Industrial Areas spread over 82,289 acres across the State and has allotted to over 20,188 units. KIADB has also acquired 74,727 acres of land in favour of 483 units under SUC scheme. Karnataka Small Scale Industrial Development Corporation (KSSIDC) has allotted Industrial Sheds/ Plots to 13,793 units in its 190 industrial estates across the State. The State also has 38 Operational Special Economic Zones.

ii. **Road network:** Karnataka is well-connected to its 5 neighbouring States and other parts of India through 0.24 million km of continuing road length. It boasts of 13 major National Highways.

iii. **Rail network:** The Railway network in the State is under the jurisdiction of South-Western, South Central, Southern Central and Konkan Railway network. The Konkan Railways network connects various shoreline areas of the State. The State has a railway network of 3,250 km.

The Government has been taking steps to augment railway network in the State. Knowing the positive impact on economy, Karnataka is the first State to contribute for development of new railway lines. Karnataka intends have to bridge the gap in the railway network so as to provide easy transportation to raw materials and finished goods.

The following new rail lines are being developed in the State:

> Tumkur – Chitradurga – Davangere (191.05 Kms), Tumkur – Rayadurga (207 Kms), Kadur- Chikkamagaluru –Belur- Hassan (66 Kms), Bagalkot – Kuduchi (142 Kms), Gadag – Wadi (257 Kms), Ginigera – Raichur (165 Kms), Shivamogga – Shikaripura – Ranebennur.

The State Government will consider requesting Ministry of Railways to construct new railway line between Bidar and Srirangapatna to boost the industrial development across the State.

Metro rail is a vital component of the transformation of the Urban Transport Scenario in Karnataka. Bengaluru Metro Rail Project Phase 1 is having a track length of 42.3 kms with 33.48 km of elevated section & 8.82 km of underground section. Phase 1 has two corridors, East – West corridor of 18.10 km long from Baiyappanahalli to Mysuru Road and North-South corridor of 24.20 kms from Nagasandra to Yelachenahalli. The entire Phase-1 project was completed in 2017 and it is in commercial operations. The Phase-2 of the Bengaluru Metro Rail project consists of four extensions two to the existing lines and two new lines. The total length of Phase-2 is 72.095 km with 61 stations (49 Elevated and 12 Underground).

M/S RITES has conducted a survey for providing suburban rail network to Bengaluru city and have submitted the Detailed project Report(DPR). This report has been accepted and forwarded to CCEA by Government of Karnataka and Ministry of Railways. Approval of CCEA is expected soon.

iv. **Airports and Seaports:** Karnataka has five operational airports of which two are international airports located in Bengaluru and Mangaluru. Kempegowda International Airport in Bengaluru is the 3rd busiest airport in India and the country's first ever green field international airport conceived in PPP format. It is one of the largest airport in India built with modern technology and is ranked at the top internationally in terms of quality of service and user experience. It is also being expanded by operationalizing 2nd runway and indicating major efficiencies. The other operational airports are in Mysuru, Belagavi and Hubballi.

With a view to promoting regional air connectivity and to meet the requirement of creating and providing airport infrastructure in districts or locations which are not connected within the 150 km of the existing airports, government is developing five minor airports at Shivamogga, Chikkamagalur, Kalaburagi, Hassan and Bidar.

Karnataka has one major port - New Mangaluru Port Trust (NMPT) catering to EXIM cargo movement and 10 other minor ports along its 300 km coastline.The New Mangaluru Port is the 9th largest port in India.

v. **Power:** Karnataka is one of the leading states in the production of renewable energy in the country reaching 14,932 Mega Watts (MW) as of Feb 2020. It has the highest installed capacity of 7,299 MW of Solar Power. Government is developing world's largest solar park with an outlay of INR 14,000 Crore (US$ 2 billion) and with a total capacity of 2050 MW at Pavagada, Tumakuru & has been commissioned.

Skills Infrastructure: Globally renowned for a talented and skilled workforce, Karnataka has been heralding a Skill Revolution. The State has the 4th largest skilled workforce in India and is home to severe premier institutions. Government has undertaken significant reforms with increased public investment to ensure Access, Equity and Quality in Education. The State houses 234 engineering colleges, 44 universities, 16 international schools and 57 medical colleges.

Various skill development initiatives have been undertaken in consultation with the industry, for imparting training to students, unemployed as well as up-skilling/cross skilling for employed youth in various sectors such as ICT, BPO, Telecom, ESDM, Manufacturing, Services, Health, and Automation etc. The State boasts of 1,777 public and private ITIs providing skill training to 106,000 youth, around 290 polytechnics with seating capacity of 75,000 and under the Modular Employability Scheme 500 courses under 68 sectors is being implemented through 800 vocational training providers.

Innovation Hub and Startup Ecosystem: Karnataka is a powerhouse of innovation in India, with more than 400 R&D and innovation centers, largest number of technical & medical institutions and highest number of startups in Asia. The State is ranked as one of the top five R&D ecosystems of the world and the second-best ecosystem for startups. The State is recognized as the fountainhead of global research and development with multi-national companies having their global research and development centers here – perhaps the largest concentration of such centers anywhere in the world. Bengaluru was ranked 18th globally by Startup Genome Report 2019.

Under **Innovate Karnataka** initiative, Government provides financial support equivalent to INR 300 crore in the form of grant/equity through its various funds (KARSEMVEN Fund; KITVEN Fund; Startup Fund of Funds; IDEA2POC Fund; AVGC Venture Fund Bio Fund) to startups; micro and small enterprises in information technology, bio-technology and other manufacturing sectors in the next four years Government has set up world class incubation centers and have established labs and common instrumentation facilities. Centers of Excellence in various sectors such as Aerospace& Defence, Data Science and Artificial Intelligence, IoT, Animation, Visual Effects, Gaming & Comics Sector, Cyber Security, Machine Intelligence & Robotics have been set up to drive innovation and entrepreneurship in the State of Karnataka.

Ease of Doing Business: First State in India to pioneer the EODB initiative by introducing the Karnataka Industries Facilitation Act in 2002. Government has made doing business easier and smarter by ensuring 98.64 percent compliance to provisions of Business Reforms Action Plan. Various initiatives in easing out the "Doing Business" in the State have been introduced. Through e-Udyami, the Single Window Portal of Karnataka, the approvals/ clearances; including renewals, can be sought from various line departments. In addition, all industry related services have been bought under the purview of SAKALA Act or time-bound rendition of services.

Policy Initiatives: Karnataka was the first state in the country to come out with the Industrial Policy in 1980. Since then it has come out with many progressive sectoral policies to give impetus to both conventional and new age industries. There are more than 20 policies for diverse sectors such as Aerospace and Defence, Biotechnology, IT, IT-enabled services, Innovation, Textiles, Agri-Business and Food Processing, Start-up, Tourism, Animation Visual Effects Gaming& Comics, Semi-Conductor, Renewable Energy, Solar, Infrastructure, Grape Processing and Wine, NRI and Electrical Vehicle & Energy Storage.

Bengaluru's Rise on the Global Map: Bengaluru, with a population of over 10 million is a key global industrial hub. The city is one of the fastest growing major metropolis in the country with an economic growth of 10.3 per cent and possesses world class infrastructure in housing, education & research. With a robust technology and innovation ecosystem in place, Bengaluru continues to be a leader in the establishment of knowledge-based industries such as information technology, biotechnology, engineering, etc.

- "Startup Capital of India" with the youngest tech workers- *only city in India to be ranked 18th among the top 20 startup ecosystem globally.*
- 4th largest Technology Cluster in the world after Silicon Valley, Boston, and London. *(United Nations)*
- Ranks as No.1 Digital City in the World as of November 2017 *(The Economist Group)*
- Only city in India to be ranked 19th among world's 25 Hi-Tech cities ahead of Berlin, Hong Kong and Shenzhen *(Research firm 2thinknow)*
- Topped the list of 22 tech cities across the world in Affordable Living *(Savills Tech Cities Index)*

1.2 Progress Achieved under 2014-2019 Policy Period

Government of Karnataka comes out with industrial policies at regular intervals of five years to ensure a well-balanced, sustainable and inclusive industrial development throughout the State. During the 2014-19 policy period, the State's achievement against the objectives is as under:

i. Industrial growth rate stood at 10.72 per cent
ii. Contribution of manufacturing sector to the State GDP in the year 2018-19 was 14.46 per cent
iii. Attracted an investment of INR 3.73 Lakh crore including MSMEs investment of INR 40,132 crore
iv. Created employment opportunities for 21.61 Lakh persons
v. Created Single Window System for swift and hassle-free clearances

1.3 Need for New Industrial Policy 2020-25

The new industrial revolution presents new opportunities for industry, particularly manufacturing and manufacturing-related service industries. These developments are enabling smart manufacturing, customization, collaborative production and other new production modes and business models. Against this changing landscape, today, Karnataka is well-positioned to play a greater leadership role in the global arena with its new industrial policy framework to drive growth.

The focus of the New Industrial Policy 2020-25 is to build on the strengths of Karnataka's industry and to enable it to fulfill its role as the engine of growth and to shoulder responsibility of adding more hi-tech value and employment.

During formulation of the New Industrial Policy, several interactions and stakeholder consultations were held across the State wherein views, demands and suggestions of industry/industry associations on key areas have been received and intricately incorporated in the policy. The key areas that have been considered are:

- **Global Value Chains (GVC):** This policy aims at placing Karnataka on the global manufacturing value chain. It recognizes the importance of the regional and global value chains for international trade. The policy focuses on enhancing State's involvement in Global Value Chains by creating the right eco-system.

- **Industry 4.0:** Industry 4.0 revolution is dramatically changing the industrial landscape and tools such as data mining, data analytics, artificial intelligence, block chain technology, advanced robotics, etc. combined with Internet of Things (IoT) have emerged as game changers for industries. Government will endeavor to capitalize on the opportunities wrought by the Fourth Industrial Revolution through its new policy.

- **Implementation of GST:**A unified GST has been a paradigm shift towards consumption based taxation. It reduces the cascading of taxes and leads to lower cost of production which ultimately increases the production levels. Introduction of GST provides an opportunity for the State Government to have a relook at its economic incentive framework and focus on production and employment based incentives to ensure an accelerated growth of manufacturing and industry.

- **Regional and Balanced Development**: It is the prime responsibility of the State to ensure regional development and balanced distribution of investment within the State. To incentivize investments in industrially deprived regions, this policy has divided the entire State into zones by giving special focus to the backward regions. Tier II / III cities and Districts in North Karnataka including Kalyana Karnataka region would be given more incentives giving fillip to creation of enabling environment, development of infrastructure, equitable opportunities for the people of the region. This would give more opportunity to exploit the strengths and industrial prowess of North Karnataka for ensuring inclusive development of the State.

To unlock industry's high-growth potential across all manufacturing sectors with a greater thrust on Automobiles & Auto Components; Pharmaceuticals & Medical Devices; Engineering & Machine Tools; Knowledge Based Industries; Cement; Steel; Sugar; Logistics; Renewable Energy; Aerospace & Defence; Electric Vehicles; Healthcare & Wellness and Higher Education, Government is framing a comprehensive, focused, goal oriented industrial policy to profoundly change the entire manufacturing ecosystem and enable industry to fulfill its role as the engine of growth.

02
Policy Roadmap

2 Policy Roadmap

2.1 Vision

To emerge as a global leader in Advanced Manufacturing, Research & Development, and Innovation and to create an ecosystem for an inclusive, balanced and sustainable development of the State.

2.2 Mission

To retain Karnataka's position as a global manufacturing hub and to achieve higher and sustainable industrial growth through capital infusion, technology transfer, world class industrial infrastructure, skill up-gradation and benchmarking of policies and practices to best global standards.

2.3 Objectives

f) To attract investments worth INR 5 Lakh crore

g) To create employment opportunities for 20 Lakh people

h) To reach 3rd position in merchandise exports in the next five years

i) To maintain an industrial growth rate of 10 per cent per annum

j) To provide an enabling ecosystem for technology adoption and innovation

2.4 Strategies

Karnataka's current strength in international competition is largely based on the strength of its industry. As a pioneer in industrial development, Government of Karnataka aims to raise mid-to-long term growth potential through a commitment to innovative growth. This encompasses strategies in support of industrial infrastructure, innovation, the new industrial revolution and the digital economy.

m) Promote sustainable, balanced and inclusive industrial growth.

n) Enable employment generation and increase labour market flexibility through regulatory labour reforms.

o) Create strategic tie-ups for the emergence of Karnataka as the Knowledge and R&D Hub

p) Focus on development and promotion of the MSME Sector.

q) Facilitate availability of industrial land.

r) Promote Tier II / III cities of the State as engines of economic growth.

s) Place Karnataka in the forefront of India's international trade.

t) Showcase Karnataka as the "Factory of the Future"- Industry 4.0

u) Engage with various stakeholders to develop sector specific skill development strategy

v) Attract private investment in development of integrated/multi/sectoral industrial parks and flatted factories.

w) Create an environment to enhance ease of doing business in the State

x) Support for R&D & Technology Upgradation

2.5 Policy Period and Applicability

This policy shall be valid for a period of five years from the date of issue of Government Order or till a new Policy is announced.

Incentives and concessions under this policy shall primarily be available only for Manufacturing Enterprises / Industries and specified categories of service enterprises as listed in Annexure 3.

03
Focus Sectors

3 Focus Sectors

Based on the competitive strengths and potential for growth this Policy has identified certain focus sectors viz. Automobiles & Auto Components; Pharmaceuticals & Medical Devices; Engineering & Machine Tools; Knowledge Based Industries; Cement; Steel; Sugar; Logistics; Renewable Energy; Aerospace & Defence; Electric Vehicles; Healthcare & Wellness, Higher Education and Bio-Fuels to drive economic development and create jobs across the State particularly in rural and remote areas.

3.1 Automobiles and Auto Components

Karnataka is the 4th largest automobile producing State in the country, contributing 8.5 per cent to the national output in the sector. It is home to 7 major OEMs viz. Toyota Kirloskar Motors Ltd., Volvo India Pvt. Ltd., Tata - Tata Marcopolo, Honda Motorcycles & Scooters, Mahindra Electric, Scania, TVS Motors and more than 50 auto component manufacturers. Karnataka is the hub for construction equipment in the country and is home to major manufacturers and exporters such as BEML, Volvo Construction Equipment, L&T Construction & Mining Machinery, Tata Hitachi etc.

Karnataka has a huge local market with more than 17.87 million registered vehicles in the State and connectivity to four of the top five automobile markets in the country, creating potential for automobile and component manufacturers to grow. Bengaluru retains 2nd position after Delhi with most vehicles on its roads.

With the focus of Government of India to gradually phase off Internal Combustion Engines, especially in the two wheeler and three wheeler sectors, the impact on the investments made by existing industry and the future investments in the sector needs to be assessed. In this direction, an industry group will be formed to study the needs of the sector, recommend corrective measures for the sustained growth of the sector in the State.

3.2 Pharmaceuticals & Medical Devices

The State currently ranks 5th in Pharma exports and contributes 10 per cent to the Indian Pharma revenue. Karnataka exports 40 per cent of its pharma produce. Presence of exclusive Pharma Special Economic Zone in Hassan, Pharma Industrial Areas and Research and Development Centres provide required impetus for further growth of Pharma sector in the State. Karnataka is home to 221 formulation units and 74 bulk drug units and has a well-developed research base with 35 Clinical Research Organizations (CROs) and 12 Adverse Drug Reaction Reporting Centres (ADR).

Government will establish a 'Pharma Park' at Mangaluru, Yadgiri, Nagamangala and Shivamogga that will give much needed fillip for manufacturers and woo the potential investors into the State.

Considering the huge cost involved in R&D activities in the sector, necessary support in the form of grants will be considered. To enhance the availability of skilled manpower specific to the sector, financial support in the form of grant for setting up of finishing schools along with stipend to students will be provided.

To encourage contract packaging or repackaging of tablets, capsules, creams, lotions in smaller containers, blister packaging etc., with or without ownership from original manufacturers, a practice prevailing in the industry, all such units will be eligible for incentives and concessions on par with manufacturing units.

The Medical Devices and Equipment industry is growing steadily over time due to the growing importance in health care. The domestic industry is relatively concentrated on less technology intensive and mostly include disposable and supplies end of the market. The market for diagnostic equipment like Magnetic Image

Resonance (MRI), Ultra-sound machines (USGs), X-Ray machines, full body scanners etc., are mostly assembled in India and there is scope for indigenous manufacture of these devices.
A med-tech zone for medical devices manufacturing and innovation with comprehensive infrastructure facilities like common facilities, calibration, testing, quality control, waste management etc. will be established near Bengaluru.

3.3 Engineering & Machine Tools

Karnataka is a leader in engineering and machine tools, home to one of the five identified foundry clusters in the country and specializes in manufacturing high value machinery. The State has a congenial ecosystem for engineering manufacturing with an Advanced Machine Tool Testing Facility (AMTTF), a State-of-art equipment facility at the Central Manufacturing Technology Institute(CMTI) in Bengaluru and presence of highly skilled workforce across the value chain of manufacturing owing to 1400+ ITIs, 200+ engineering colleges and 400+ R&D institutes.

Karnataka is a leading State in machine tools industry with Bengaluru alone producing 60 per cent *(in terms of value)* of the machine tools in the country. It is also the 2nd highest producer of Special Purpose Machinery and Heavy Electrical Machinery in the country. Karnataka being the hub for Machine Tool Industry offers enormous potential in the sector, India's first Integrated Machine Tool Industry Park - *"Tumakuru Machine Tool Park*" in Vasanthanarasapura, Tumakuru is set up jointly by Department of Heavy Industries, Government of India and Government of Karnataka. The park is spread over 530 acres with most modern infrastructure facilities and is expected to further enhance the leadership of Karnataka in the sector.

3.4 Knowledge Based Industries

With a robust technology and innovation ecosystem in place, Karnataka continues to be a leader in the establishment of knowledge based industries such as information technology, biotechnology and engineering, etc. The State is recognized as the fountainhead of global research and development with over 400 multi-national companies having their global research and development Centres in Bengaluru including GE, GM, Intel, Texas Instruments, Motorola, SAP, Oracle, IBM etc. perhaps the largest concentration of such centres anywhere in the world. United Nations has ranked Bengaluru as the fourth largest technology cluster in the world after Silicon Valley, Boston, and London.

The incentives and concessions for knowledge based industries will be as per respective sectoral policies.

3.5 Core Sectors- Cement & Steel

Cement

Karnataka is one of the top cement producing states and occupies 7th position in the cement production in the country. Lime stone is an essential raw material for cement production and the State has around 17,253 million tons of limestone deposits. The State produces more than 11 million tons of cement annually and contributes 6.51 per cent of the total cement manufactured in India. At present, the State has about 22 units of combined cement production capacity of around 16 MMTPA. Kalaburagi is one of the 7cement clusters located in India.

Steel

Karnataka, with its rich resources of iron ore, is one of the pillars of the national iron and steel industry. Districts such as Bellary, Chitradurga, Koppal and Tumakuru are the nerve-centres of the iron ore deposits in the State. Karnataka has an estimated 2 billion metric tonnes of iron ore and abundance of other minerals such lime stone, silica, manganese, etc. that are essential for production of steel. The State is extremely resource rich and hosts country's 74 per cent magnetite and 11 per cent hematite resources.

Karnataka contributed approx. 13.7 per cent of the total steel production in the country in FY 2017.The combined steel production capacity of 18 units in the State at present is around 22 MMTPA. Karnataka is amongst the few States to have a Dedicated Mineral Policy. The State is home to major steel plants such as JSW Steel, Kalyani Steels and Mukund Steels. JSW Steel's plant at Vijayanagar, Ballari in Karnataka is the largest single location steel producing facility in the country with a capacity of 12 MTPA.

3.6 Sugar

Karnataka is one of the top three sugarcane producing States in the country and stands 2nd with respect to sugar recovery after Maharashtra. The State accounts for approximately 8.9 per cent out of the total sugar production in the country. Sugarcane is grown in 16 districts of the State. Belagavi, Bagalkot, Bijapur, Mandya, Mysuru, Chamrajnagar and Bidar are the major sugarcane producing. Sugarcane production for harvest area of 4.00 Lakh hectares in 2018-19 is estimated to be 342 Lakh tonnes.

3.7 Logistics

Logistics, the backbone of economic activity determines how fast an economy can grow. The logistic support infrastructure has experienced a radical transformation in Karnataka due to significant development in infrastructure, power, road, water and the State's overall industrial ecosystem. Karnataka is well connected with 6,572 km of national highways, 19,578 km of State highways and 3,250 km of railways. Karnataka has one major port - New Mangaluru Port Trust (NMPT) and 10 other minor ports along its 300 km coastline. The State has Air Cargo facilities at Bengaluru and Mangaluru airports. There are 2 Inland Container Depots (ICD) facilities (at Bengaluru and Belagavi) and 7 Container Freight Station (CFS) facilities in the State. There are 11 cold storage facilities in the State operated by KAPPEC. Additionally, there are 194 private cold storage facilities established in the State under the central Government schemes.

Karnataka aims to enhance the State's stature as one of the leading logistic hubs in the country. Currently, Karnataka stands 4th among States that are leading logistic hubs in the country and the policy aims to bring it to the first position. The policy will look at promoting logistics infrastructure development by attracting private developers for development of (i) Multi Modal Logistics Parks (MMLP); (ii) Logistics Parks (iii) Dry Ports (iv) Cold Storages; (v) Warehouses; (vi) Truck Terminals and (vii) Free Trade Warehouse Zones (FTWZ).

3.8 Renewable Energy

Karnataka is the 7th largest State in generation capacity in India. The State is endowed with immense renewable energy potential viz. wind, hydro, solar, mini- hydel etc. Karnataka achieved the status as a leading State for renewable energy in India, reaching 14,932 Mega Watts (MW) as of Feb 2020. Several positive renewable energy policies such as hybrid wind solar development policy and significant steps to reverse Karnataka's historic reliance on energy imports has helped Karnataka emerge as a top State in installing renewable energy. Karnataka is the 1st southern State to notify its solar policy in 2011. Solar Policy for 2014-2021 aims at adding solar generation of minimum 6,000 MWs by 2021. Karnataka stands 1st in the world to setup 2,050 MW Solar Park at Pavagada taluk in Tumakuru district & has been commissioned.

All renewable energy projects viz., solar, wind, biomass and mini hydel projects are proposed to be treated as manufacturing industry and are eligible for incentives & concessions as applicable to manufacturing industries mentioned in this policy except Investment Promotion Subsidy.

3.9 Aerospace and Defence

Karnataka is one of the recognized hubs for Aerospace and Defence Equipment design and manufacturing. It accounts for more than 65 per cent of aerospace related investments in the country with 70 per cent of the supplier base and 67 per cent of all aircraft and helicopters manufacturing.

Bengaluru is India's largest Aerospace cluster, with companies like HAL, creating an ecosystem of parts, components and systems suppliers in the area. Presence of large number of Defence Services laboratories, makes Bengaluru-Karnataka an Aerospace & Defence Capital.

Today, several global aerospace majors, including Airbus, Boeing, Honeywell, UTC (Collins), GE and Rolls Royce have large engineering and R&D centres in Bengaluru. Government has set up country's first Centre for Excellence in Aerospace and Defence in partnership with Dassault Systems to provide high end training, skill development and industry-ready manpower.

The applicable incentives and concessions for promotion of industries in Aerospace and Defence sector will be as per **Karnataka Aerospace Policy 2013-23**.

3.10 Electric Vehicles

The future of the auto sector lies in electric mobility. Karnataka is the first State in the country to introduce a comprehensive and well-designed Electric Vehicle and Energy Storage Policy 2017 to provide bespoke policy ecosystem for this sector. Bengaluru is home to India's only electric car manufacturer, Mahindra Electric (Reva), and one of the most promising electric mobility start-ups, Ather Energy. India's first Public Electric Vehicle Charging Station is set up by BESCOM at Bengaluru and India's first-ever Electric Technology Manufacturing Hub is also set up in Bengaluru by Mahindra Electric Mobility.

The incentives and concessions for electric vehicles sector applicable to industries will be as per the **Karnataka Electric Vehicle and Energy Storage policy 2017.**

3.11 Healthcare and Wellness

India is expected to rank amongst the top 3 healthcare markets worldwide in terms of incremental growth by 2020.Indian wellness industry is estimated to grow at a CAGR of nearly 12 per cent for the next 5 years and is expected to reach INR 1.5 trillion by 2020. Karnataka has always given much priority to the healthcare sector over the years and is one of the first States to publish a State health policy way back in 2004, which is amended as **Karnataka Integrated Public Health Policy, 2017.** Karnataka has made substantial progress in building credible health infrastructure at different levels. The State has a wide institutional network providing health services both in urban and rural areas. There are 57 medical colleges; 52 ayurvedic colleges, 290 nursing colleges and 414 Government hospitals.

The wellness industry in Karnataka has sets itself apart from other destinations in the country. With an array of sculpted temples, scenic beaches, pleasant climate and other facilities, the State is a popular attraction for wellness tourism in the country. The AYUSH Department of the State is promoting Karnataka's traditional systems of medicine and wellness like Yoga, Ayurveda, Unani, Siddha, etc. to position the state as a unique destination for spiritual healing and wellness. Karnataka has several health and wellness centres specializing in conventional, alternative, complementary, herbal, etc. medicine. The State houses 661 Ayurveda, Yoga, Naturopathy, Unani, Siddha, Homoeopathy (AYUSH) health facilities.

3.12 Higher Education

The thriving knowledge-based industry of Karnataka is powered by the robust educational system and world-class education and research institutions. For maintaining the edge of Karnataka as the higher education hub, the State will focus on five strategic areas: access; equity; relevance; quality and excellence. Today, Karnataka's higher education sector is well positioned to cater to the fast-changing requirements of the 21st century in different sectors with 413 Government First Grade Colleges and 319 Private aided colleges affiliated to 14 State universities. The State also houses 545 institutes ranging from Degree to Diploma, Junior Technical Schools /Colleges. The types of Universities in Karnataka include: 24 State Sponsored Universities; 16 Deemed to be Universities; 2 Private Universities, 1 Central University and 3000 plus Undergraduate Colleges.

3.13 Bio Fuels

Bio-energy or Bio-fuel comprises bio-ethanol, biodiesel, compressed biogas (CBG) as the main fuels as well as aviation jet fuel, methanol, Dimethyl ether (DME), straight vegetable oils (SVOs) and bio-briquettes / pellets all made from biological sources like agri-residues, industrial solid & liquid wastes, municipal solid wastes (MSW), domestic sewage, tree-borne oilseeds (TBOs) and used cooking oil (UCO) etc.

Bio-energy sector in India is on the threshold of a take off stage. The investments made on the R&D in this sector all over the world in the millennium have yielded spectacular results and now a bouquet of technologies is available for commercial utilization. Karnataka has a strong agrarian base, has vast biomass resources of agricultural origin which can be gainfully utilized for generating bio-energy. The State is blessed with adequate quantities of agri-residues, techno-managerial capability to install, manage and run such facilities by way of competent manpower, availability of globally sourced technologies and a congenial work environment.

One of the crucial aspects of this bio-energy revolution is developing, managing and supplying bio-resources to these new industries efficiently as raw materials. This would result in a steady stream of alternative source of income for farmers and creation of jobs in rural areas.

04

Promotion of Thrust Areas

4 Promotion of Thrust Areas

To emerge as globally competitive with skill and scale that leverage hi-technology for growth, following thrust areas have been recognized.

4.1 Industry 4.0

The world of production is undergoing unprecedented transformation driven by the convergence of fourth industrial revolution technologies such as 3D printing, artificial intelligence, virtual and augmented reality, the internet of things and next-generation robotics providing opportunities for intelligent, flexible, customer-oriented production systems and new business models.

Industry 4.0 has the potential to transform the manufacturing sector of Karnataka. One of the major strengths in favour of Karnataka blending into the Industry 4.0 era is the State's IT services industry. Karnataka continues to house some of the world's largest IT companies. To leverage this further and catalyze Industry 4.0 adoption, the policy will focus on setting up a dynamic, competitive and world class Centre of Excellence for Industry 4.0.

The Centre of Excellence (CoE) will be set up in association with industry, industrial bodies, and research and academic institutes, having requisite capacity in building and running the centre. The State will play the role of a facilitator and will provide a grant of INR 100 crore for the State and regional Centres. The Centre of Excellence will focus on providing training, demonstration and dissemination of futuristic, emerging and advanced manufacturing and technologies in the domain of artificial intelligence, virtual and augmented reality, robotics for data analytics, modeling, simulation, and other related domains. The CoE will be in Bengaluru to begin with and will have Regional Centres across the State in a phased manner which will facilitate entrepreneurs to take advantage of this emerging technology, offer a pay-per-use facility.

Additionally, Government will also support institutional tie-ups, collaborations to develop Industry 4.0 capabilities and offerings, encourage training and skill building programs to explore latest technology solutions to create a deep integration of technology platforms and physical systems.

Eligible industrial units adopting Industry 4.0 technologies and processes will be granted additional fiscal assistance as mentioned in **Section 9** under **Table 9.6.2.**

4.2 Research & Development

Research and Development (R&D) plays a critical role in determining the productivity and economic growth of the State. Sustained investments in R&D helps in spurring economic growth and social development. There is a huge opportunity for the private sector to enhance its investments in the R&D sector in Karnataka as it provides access to technical competencies, diverse talent pool, cost savings and proactive Government support. Government aims to build an ecosystem supportive of advanced and smart manufacturing needs, with increased R&D partnerships with MNCs and other international players, and improved industry-academia linkages. The strengthening of R&D centers will facilitate innovative ideas, technology and products to boost the manufacturing sector in the State.

Bengaluru remains home to the highest number of R&D centres, Global Engineering Competence Centre (GECS), Business Process Management (BPM), and Business Process Management (BPM). Many Multi National Companies have their Global In-house Centers (GICs) in Bengaluru; the GICs play a strategic role in building internal innovation capabilities for the parent and act as innovation hotspots to foster and propagate the cultural shift to innovate & are perceived as an extended team of the parent or onshore organizations

India today has more than 1,500 GICs & collectively employs roughly 10 lakh people, being an important employment generator. About 35% of these GICs and 41% of employees are based out of Bengaluru. Global engineering R&D services outsourcing market is anticipated to reach more than USD 650 billion by 2025.

Government will support new R&D centers to boost sustainable growth of the manufacturing sector by way of financial assistance as mentioned in **Section 9** under **Table 9.6.1.**

4.3 Intellectual Property Rights (IPR)

Government understands the need for a strong framework for nurturing a robust Intellectual Property (IP) ecosystem in the State that provides impetus to IP creation and bringing innovation to the market.

The policy provides for financial assistance as mentioned in **Section 9** under **Table 9.6.3** for creation of infrastructure to establish IP cells, Technology Transfer Centres (TTCs) and IP Promotion & Facilitation Hubs.

The State also aims at promoting Geographical Indicators (GI) as it has the highest number of registered GI's in the Country. It is proposed to map 'Centre of Excellence' and 'Successful Business Models' for the GI based product commercialization.

The support for GIs will be as per the **GI Policy** issued on 18/05/2019**.**

4.4 Technology Adoption & Innovation

Karnataka is the forerunner of technological revolution and by building on its culture of innovation; this policy will incentivize adoption of modern technologies igniting a spark for innovation and entrepreneurship in the State, to make Karnataka a global go-to destination for innovation and technology.

Under the 'Technology Adoption' scheme industries will be incentivized as per **Section 9** under **Table 9.1.2.** to adopt new technologies and innovate by tapping into the growing stock of global knowledge and adapting it to local needs.

4.5 Cluster Development Initiatives

Cluster development is increasingly recognized as sustainable, cost-effective and an inclusive strategy to ensure accelerated industrial growth. Clusters are potential drivers of enterprise development and innovation. Considering their importance, Government will continue to focus on cluster development approach.

4.5.1 High Tech Clusters

New industrial clusters with plug and play facilities will be developed which will ensure better productivity, innovation and participation. Government will develop an ecosystem around the agglomerations through a 'Centre of Excellence' where the cluster approach will act as a powerful 'prism', encouraging networking among firms, businesses, and research providers, based on a set of technological competences.

4.5.2 District Industrial Cluster Development Program

A first of its kind initiative in the country has been taken up under 'product specific industrial cluster program' which aims at increasing the production capacities of the industries by creating product specific manufacturing clusters in the State. Through the program, nine industrial clusters have been identified, which is expected to create 9 Lakh job opportunities in the next nine years.

Further, keeping in view the overall industrial development in the State & based on the resources and skill sets available, the program is being extended to two more Districts viz., "Home and Personal Care Consumer Goods – FMCG Manufacturing Cluster in Dharwad and "Health & Wellness Cluster" in Shivamogga.

Sr. No	District	Product / Cluster
1	Kalaburagi	Solar Panels, inverters, capacitors, laminators etc.
2	Chitradurga	All kinds of LED lights
3	Hassan	Tiles, Sanitary wares & Bathroom fittings
4	Koppal	Toys & Mechanized toys
5	Mysuru	Integrated Circuit Boards (ICU)
6	Ballari	Textiles
7	Chikkaballapura	Mobile phone components
8	Tumakuru	Sports & fitness goods
9	Bidar	Agricultural implements
10	Dharwad	Home and Personal Care Consumer Goods – FMCG
11	Shivamogga	Health & Wellness

Special incentives and concessions are provided to Toys and Textile clusters. For other clusters, special incentives and concessions specific to respective product sector will be announced in due course of time.

4.5.3 MSME Cluster Development:

Micro & Small Enterprises - Cluster Development Program (MSE-CDP) of Government of India aims to support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc. Create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSEs, including setting up of Flatted Factory Complexes and common facility centres with an investment of INR 15.00 crore.

Karnataka Cluster Development Scheme (KCDS) aims to build capacity of MSMEs for common supportive action through formation of self-help groups, consortia, up gradation of associations, etc., create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSMEs and set up common facility centres *(for testing, training center,*

raw material depot, effluent treatment, complementing production processes, etc.) with an investment up to Rs 10 crore.

4.6 Sustainability and Responsible Industrialization

Considering global warming and impending water crisis, this policy places significant thrust on adoption of greener, sustainable manufacturing practices.

The total annual demand for water for the industrial sector is estimated to increase more than three times, from 26 TMC in 2011 to 85 TMC by 2030, resulting in a 69 per cent water demand-supply gap by 2030. Closing this demand-supply gap through the reuse of secondary treated wastewater (STW) offers a sustainable, cost-effective and feasible solution. The total sewage treatment plant (STP) capacity in Karnataka is 1809 Million Liters per Day (MLD) in which Bengaluru STP Capacity is 1057 MLD and Non-Bengaluru STP capacity is 752 MLD. Policy will focus on ensuring long-term "water security" in the State by coming out with a comprehensive industrial water policy that will focus on recycle, conservation, and use of waste water. As per the **Karnataka Urban Waste Water Reuse Poli**cy, not less than 20 per cent secondary treated water (STW) is targeted, as a combined average across sectors, of total urban waste water generated for identified Karnataka Urban Centres by 2020, aligning with the national Service Level Benchmark and with the AMRUT program.

Government will encourage water harvesting in all its existing and new industrial areas, and facilitate setting up of effluent treatment plants and hazardous waste treatment plants in various industrial clusters Financial assistance will be provided to encourage industries to adopt strategies to use sewage discharge, industrial discharge for industrial water security and to integrate systems that address environmental, health, and water pollution risks.

Many areas of Karnataka are facing problems of acute shortage of water supply, hampering industrial production. To encourage manufacturing enterprises to adopt water harvesting/conservation measures within their premises, financial incentives will be provided. Rainwater harvesting assures a more continuous and reliable access to water and is also environmental friendly, helping to recapture the base line for current water usage and reduction in dependence on ground water or supply from other water sources. To achieve pollution prevention & waste minimization at manufacturing enterprises, incentive will be extended to the 'Zero Discharge Process' enterprises.

The Financial incentives are as mentioned in **Section 9** under **Table 9.1.3**.

05

Promotion of Micro, Small and Medium Enterprises (MSMEs)

5 Promotion of Micro, Small and Medium Enterprises (MSMEs)

Worldwide, the MSMEs have been accepted as engines of economic growth for promoting equitable development. MSMEs form an important and growing segment of Karnataka's industrial sector and occupy a place of prominence in the economy of Karnataka. Karnataka has the 5th largest MSME base in the country with over 7.16 million registered units employing nearly 4.94 million people. In view of its massive potential for employment, growth and exports and to ensure MSMEs remain globally competitive, the policy will focus on developing an ecosystem for the MSMEs to enable them to thrive, grow and succeed.

Following interventions are proposed for MSME promotion:

5.1 SARTHAK - Centre of Excellence for MSMEs

Despite the sector's significant contribution to the manufacturing sector, MSMEs have traditionally been facing several teething problems. These problems are spread across various functions such as production, technology, finance etc. Some of these challenges afflicting the MSMEs are:

a) *High cost of funds leading to credit crunch for expansion;*
b) *Inadequate exposure to global best practices and affordable production technologies;*
c) *Poor marketing – leading to restricted access to markets;*
d) *Lack of access to skilled and trained labour;*
e) *Lack of access to quality raw material at reasonable price;*
f) *Lack of access to Total Quality Management practices;*
g) *There are many bottlenecks in accessing - right information, data analytics, branding, and quality control standards*

Although there are several tools and solutions pack available for each of these issues cited above, the problem continues to persist as the availability of the information is a big issue with the MSMEs. As a step towards addressing these issues, it is proposed to launch a new "MSME Sarthak" scheme that will create institutional mechanisms to address these key challenges faced by the MSMEs. . The State will provide a grant of INR 50 crore for the CoE.

5.1.1 Components of the Scheme

The scheme is proposed to be implemented through a two-fold mechanism:

a) *Deploying an Online technology platform*
b) *Establishing a Centre of Excellence (CoE) for managing the platform*

The details of the two levers of the scheme are provided below.

a) Deploying an Online Technology Platform

Under the ambit of the scheme, it is proposed to develop an online technology portal which will have modules targeted at addressing issues faced in specific areas by the MSME sector in Karnataka. The platform is proposed to be equipped with modular mechanisms & structures around Informational, Facilitation, Regulatory, and Ease of Doing Business areas, which can help MSMEs efficiently bring their products to the market. The MSMEs will be free to take help of any module they like. Instead of creating new structures, the platform will plug onto the existing ones.

Key activities that the platform is expected to perform are:

i. **Provide an integrated platform for raw material suppliers –** The platform will provide a one-stop shop for accessing quality raw material at an affordable price with linkages to e-Mandis, APMC, NCDX, ReMS, market-place aggregators like Udaan, and the elements of the logistic supply chain like warehouses, cold storage facilities, etc.

ii. **Improve market access –** The platform will provide MSMEs with access to the retail market by on-boarding major brick & mortar and online marketplaces, Public Sector Undertakings, Government Departments, wholesalers, and retailers This will help provide a one stop gateway to MSMEs for discovering a market for their products, generating supply chain efficiencies for the sector.

iii. **Disseminate information on Quality Control standards and certifications –** The platform will provide MSMEs with updated and in-depth information on globally prevalent quality standards and certifications. The platform will leverage existing informational repositories of FSSAI, AGMARK, Organic Certification, etc.

iv. **Enhance access to Credit –** The platform will integrate the conventional (Banks, NBFCs, MUDRA, etc,) and non-conventional (TReDS, PE/VCs, Funds of Funds etc.) sources of credit supply to MSMEs. The module will also integrate credit enhancement schemes with the financing agencies to provide access to low cost funds for MSMEs.

Going forward, the platform will address information asymmetry by leveraging data from sources such as GSTN, Income Tax, Credit Bureaus, Fraud Registry, etc., to improve the due diligence mechanisms of the credit suppliers and support the credit agencies in processing MSME loan proposals expeditiously.

v. **Access to Data –** Access to analytics, market research, intelligence, CRM and other IT technology that helps to bring efficiency in operations would be created on the platform.

vi. **Skill Development Programs –** The platform will have modules for dissemination of information pertaining to new-age skills emerging in different domains required by the MSMEs and will facilitate them in getting trained by collaborating with the public and private agencies delivering the skill development programs. Vide this module, Entrepreneurial Development Programs and domain-specific training would be provided to entrepreneurs in partnership with reputed institutes and trainers.

vii. **Technology Adoption and Knowledge Transfer –** The platform will have modules for supporting MSMEs with the technicalities of transfer & adoption of new & emerging technology. Further, the platform will also build a repository of case studies, domain related best practices, etc. which may be adopted by MSMEs in their operations.

viii. **Support MSMEs in Branding and Advertisement –** The platform will have modules which will support MSMEs in branding, marketing, and advertising related activities.

Through the above broad range of activities, the platform will address the issues and improve the competitiveness of MSMEs. The role of the Government will be that of a facilitator. The platform will bring together all the players involved in the supply chain and address the missing links.

b) Establishing a Centre of Excellence for managing the platform setup

As its second lever, the scheme proposes to establish a dedicated institutional structure to manage the technology platform and provide strategic guidance to MSMEs in aspects such as technical know-how, managerial skill, filling up of the knowledge gap, etc.

The Centre of Excellence will identify gaps in the capabilities of the MSMEs and work with them in bridging the gaps, equipping them to adapt to the changing market & business environments. Further, the institutional mechanism will be equipped to assist rural enterprises in addressing issues faced in areas of GST, IT, UAM registration, PAN application, loan document preparation, etc.

The mandated activities for the Centre of Excellence are proposed to be aligned along following broad categories:

i. **Technology Acceleration Programs and Practice:** This includes activities like promoting technology adoption by firms, providing business advisory services to firms aimed at improving their manufacturing techniques & processes, supporting transfer of technology, performing R&D related services, and facilitate access to technology through inter-firm partnerships.

ii. **Connecting Firms:** Provide platforms for aggregation of firms from both ends of the supply chain – suppliers and consumers and act as an intermediary to provide support services, host best practice events to facilitate dissemination of information.

iii. **Funding Assistance:** Providing firms with information on latest funding available for different functions - R&D, loans to scale business, fund joint pre-competitive research programs, funding for capital and operating infrastructure etc.

iv. **Next Generation Manufacturing Technical Assistance:** Teach innovation & new product development skills to MSMEs, provide export assistance & training, provide energy efficient manufacturing skills, etc

It is proposed to build flexibility in the mandate of the Center of Excellence to adapt to the evolving nature of support required by MSMEs in the state – from “back end” support at the firm level aimed at improving their productivity to the “front end” services aimed at helping MSMEs in furthering innovation and R&D. To optimize the allocation of resources and gradually build up the capabilities delivering agency from implementation point of view, it is proposed to expand the suite of services of the Center of Excellence in a planned manner. Initially the COE is expected to deliver this suite of services through partner organizations (“front end services”) such as IITs, IISc, Bureau of Indian Standards, international firms like ShinShiba, CME etc. while it continues to provide the “back end services” in terms of knowledge building and dissemination.

5.2 Infrastructure Support

i. KIADB will earmark minimum 30% of allottable land in all their industrial areas for MSMEs. Out of which, KIADB will reserve 22.65% for SC/ST entrepreneurs, 10% for Minorities / Physically Challenged / Backward Classes *(Category1 and 2A only)* / Ex-Servicemen entrepreneurs and 5% for women belonging to all categories in industrial areas.

KIADB will indicate 15% of the allottable land in industrial areas for MSMEs to be allotted by DLSWCC. The maximum extent of land to be allotted by DLSWCC would be two acres per project.

The minimum size of plot to be developed by KIADB will be 0.5 acre for MSMEs.

ii. KIADB will construct multistoried / flatted factories with plug and produce facilities *(wherever feasible)* near Bengaluru, Mysuru, Hubballi-Dharwad, Mangaluru, Belagavi, Tumakuru and Kalaburagi. KIADB will provide these flats on monthly rental / lease basis.

iii. KSSIDC will earmark entire allottable land in their industrial areas for MSMEs. Out of which, KSSIDC will reserve 22.65% for SC/ST entrepreneurs, 10% for Minorities / Physically Challenged / Backward Classes *(Category1 and 2A only)* / Ex-Servicemen entrepreneurs and 5% for women belonging to all categories in industrial estates.

iv. KSSIDC will be allotted land in KIADB industrial area, upon request for making industrial plots and sheds of smaller sizes for MSME sector. KIADB shall provide land to KSSIDC on absolute sale deed as per KIADB norms to enable KSSIDC to allot plots/sheds to the industry on lease-cum-sale deed.

v. KSSIDC shall develop industrial estates exclusively for micro and small enterprises. The area to be procured will not be less than 50 acres. 20% of the allottable area will be reserved preferably for plug and play sheds out of which 10% of the area will be earmarked for multi storied sheds with plug and play facilities *(wherever feasible)* near Bengaluru, Mysuru, Hubballi-Dharwad, Mangaluru, Belagavi, Tumakuru and Kalaburagi. KSSIDC will provide these flats on lease / rental basis. Liberal FAR would be considered for flatted development/ industrial sheds /multi-storied industrial units.

vi. Development of Rural Industrial Areas exclusively for MSMEs in the impact area of industrial corridors will be undertaken along with infrastructure, like road connectivity, drainage system, street lighting, and water supply by KSSIDC. Rural industrial areas and estates will have minimum 100 to 150 plots measuring 2,000sq. ft. to 10,000 sq. ft. and will be developed in potential areas.

vii. The maximum contract demand for LT consumers will be increased from present 67 HP to 100 HP.

5.3 Technology Up-gradation & Technical Support

i. Under **'Sarthak'** scheme, adoption, commercialization, transfer & upgradation of newer technologies by Industries will be encouraged.

ii. Specific emphasis would be given for collaborations with domestic/international research institutes/agencies and promote export oriented units.

iii. Karnataka Council for Technological Up-gradation (KCTU) will run quarterly workshops and seminars for SME entrepreneurs to increase awareness for adoption of new technologies.

iv. Quality improvement interventions by MSMEs such as up-gradation of existing technologies and installing of new technologies for quality control, cleaner environment friendly production, quality testing, and fee paid for quality certifications would be eligible for incentives as per **Section 9** under **Table 9.1.2.** This benefit would also be available to MSMEs who have already taken benefits under central Government schemes and would like to go for renewal.

v. To extend Technical support to MSME sector, it is proposed to establish Technology Development Centres in association with Central Manufacturing Technology Institute and other such institutes in all key industrial zones in the State.

5.4 Enhanced Credit for MSMEs

Availability of credit at an affordable cost is critical for unlocking the potential of MSME sector and enabling them to scale up their operations. High cost of funds – in the range of 11% to 14% is a key factor impeding the growth of MSME sector. This limits the enterprise's ability to add value, upgrade technology, improve quality and implement modern management techniques.

Taking note of this, Government of Karnataka will create a credit enhancement scheme on pilot basis in collaboration with multilateral organizations /financial institutions /private funds with an objective to address the issue of expensive loans faced by the MSME sector. The scheme will aim at improving the credit risk profile of MSMEs, leading to reduction in interest rates.

5.5 Vendor Development and Facilitation

i. To further strengthen the MSME ecosystem in the State and increase the competitiveness of the MSME sector, the policy will aim at promoting vendor development, management, facilitation and creating a platform to connect OEMs with MSMEs and identify vendors in terms of production capacity and quality standards.

ii. Vendor Development Plans from the approved large and mega industries will be collated and taken forward by Director (MSME).

iii. Director (MSME) in collaboration with the Industry will conduct a Vendor Development Event in the State annually to create collaboration opportunities for MSMEs by bringing together MSMEs and OEMs/Large Manufacturers/Public Sector Undertakings. Similar events at the District level will also be conducted.

5.6 Marketing Support in Public Procurement

i. Goods manufactured by Micro & Small Enterprises located in the State will be allowed price preference of 15% against the Large & Medium Enterprises / Industries of the State and enterprises / industries of other States during Government Departments.

ii. To enable wider dispersal of enterprises particularly in rural areas, the Government Departments & State owned PSUs shall procure 358 items from micro and small enterprises, which have been reserved for exclusive purchase from them as per Ministry of MSME, Government of India order S.O. 581 (E), dated 23.03.2012.

iii. To reduce transaction cost of doing business, Micro & Small Enterprises registered with NSIC under a single point vendor registration scheme, shall be facilitated by providing them tender sets free of cost, exempting from payment of earnest money during purchases by all Government Departments and State owned PSUs.

iv. KTPP rules will be amended as below to give fillip to Micro & Small Enterprises in Karnataka

- In a tender where the tenderers are both from the State of Karnataka as well as from outside the State of Karnataka, the GST component shall be excluded for the evaluation of the price.
- Preference shall be given to the Micro & Small Enterprises located within the State and registered with Department of Industries & Commerce in respect of those items for which UAM / Registration Certificate / Udyam Registration are issued.
- Government Departments & State owned profitable PSUs shall procure 20 percent of goods from Micro and Small Enterprises located within the State. Out of this 4 percent of goods shall be procured from Micro and Small Enterprises promoted by SC / ST entrepreneurs as per the guidelines issued by Government of India.

v. To incorporate the provisions of the Public Procurement (Preference to Make in India), Order 2017 for all enterprises as detailed in the order no. P-45021/2/2017/PP(B-II) dtd 15.06.2017 & its amendments of Department for Promotion of Industry & Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India in KTPP Act/Rules.

5.7 Skill Development & Entrepreneurship Development Program (EDP)

State Government recognizes the importance of skill and entrepreneurship development in driving economic progress, especially rural prosperity. To attain considerable growth and development in the Micro, Small and Medium Enterprises (MSME) sector skill development and entrepreneurship development programs and specialized training *(domain specific)* will be provided through the District Industries Centers (DICs) and from various other organizations through convergence.

i. Rural Entrepreneurship Development Program will be implemented through district-level rural entrepreneur networks to foster entrepreneurship – in terms of motivation, mentoring, ideating and access to markets by private sector.

ii. Director (MSME) will conduct District Level Incubation and Accelerator Programs. Incubators in potential taluks will be set up through PPP mode.

5.8 Support Services to Entrepreneurship and Livelihood Missions

Director (MSME) through Deputy Director (Khadi Village Industries) will co-ordinate and provide field level service support to skill entrepreneurship under livelihood mission programs in the State.

5.9 Zilla Panchayat Schemes

Director (MSME) shall revise, revamp and update / upgrade Zilla Panchayat schemes *(Artisans Cluster Development Programs which includes training, living-cum-work-shed, investment subsidy, exhibitions, study tours, interest subsidy and tool kits)* and any other such schemes in line with emerging industry trends and technologies.

5.10 Supports to Artisans

Artisans are skilled and make the products by hand. There are many crafts which represent Karnataka's rich cultural heritage but some are on a decline due to various economic and other factors. These crafts need to be preserved and protected through various interventions. These heritage crafts can also be modified or re-designed to meet the requirement of the present market demand and thereby preserving them. It is mainly a rural based sector which has its reach in backward areas.

There is a big potential as they hold the key for sustaining not only the existing set of artisans, but also for increasingly the number of new entrants in the crafts activity. This sector has suffered due to its unorganized nature along with additional constraints like lack of education, capital, and poor exposure to new technologies, absence of market intelligence and poor institutional framework. Therefore, it is proposed to put the sector on high growth trajectory as well as preserving existing cultural heritage:-

It is proposed to provide the following support for Artisans:

i. *Free training at NID and NIFT for selected trainers (Customized).*
ii. *Training artisans with modern skills like e-marketing and information & communication technology.*
iii. *Study tours for selected artisans across the country.*
iv. *Stall rate concession at metro stations, airports, bus stands, railway stations, major star hotels across the State.*
v. *Organizing an annual national level haat, a forum for artisans to exhibit and sell their products.*

Additional fiscal incentives for Artisans are listed in **Table 9.1.1**

5.11 Dovetailing Government of India Schemes

i. Schemes of Ministry of MSME and other Ministries of Government of India will be suitably dovetailed with schemes of Government of Karnataka for the benefit of MSME. Some of the major GOI schemes are listed in **Annexure 7.**

ii. A separate cell under the Chairmanship of Additional Director (MSME), Department of Industries & Commerce will be set up for creating awareness, to co-ordinate & monitor implementation of Government of India Schemes/ Programs.

5.12 Ongoing supportive schemes / programs for development of MSMEs.

Commerce and Industries Department is implementing several schemes for growth of MSME that will continue to be implemented during the policy period. The list of ongoing supportive schemes / programs for development of MSMEs are listed in **Annexure 7.**

5.13 MSME Manufacturing Excellence Awards

Government will confer annual awards to MSMEs for achieving excellence / growth in manufacturing.

5.14 Equity Funding

SMEs in the core Manufacturing Sector lack support in long-term equity finances / early stage funding to ideas or concepts which are yet to establish the proof of concept in the real world. By identifying the right partners early on and using their potential effectively, manufacturing incumbents can benefit from the innovations of these pioneers.

The State Government will set up a Equity Fund exclusively for SMEs Manufacturing Sector initially with a corpus of Rs. 100 crore. 75 % of the corpus will be provided by Government and remaining funds will be contributed by financial institutions, private sector such as industries / private investors.

The fund will be managed by the Karnataka Asset Management Company.

5.15 Promotion of Design Clinics and Market Driven Interventions for Khadi and Handicrafts Sector

The Government proposes to establish a Design Clinic Service Center at State level and a coordinator at selected clusters to promote market driven interventions in handicraft and khadi sector, primarily focusing on design interventions initially. It intends to bring the handicraft and khadi sector and design expertise onto a common platform to provide expert advice and effective solutions on design problems resulting in continuous improvement and value addition for existing products. It will help in producing innovative product/s development and a competitive advantage to remain in business. Further, it aims to create an ecosystem in which creative producers can earn steady incomes through decent and equitable work, gain access to consistent demand for their products and thus lift themselves out of poverty and attain social empowerment. It further aims to address the neglected rights of producers at the sub-contractor level by using a hub-and-spoke model, where each producer, even in the smallest enterprise, is still willing and is a documented participant in a complaint value chain.

Schemes with Financial Support:

i. **Awareness and Promotion seminars & Workshops:**
   - *Awareness programs provide for a minimum of 30-50 members, at clusters with potential for development.*
   - *INR 50,000 to a maximum of INR 1 lakh can be utilized for providing hall rent, sound system, mobilization and publicity at community level working, lunch / tea/ snacks and other miscellaneous expenses for conducting the program.*

ii. **Diagnostic Study & Recommendations:**
   - *For a week-long study and submission of reports - not exceeding INR 1 lakh as study fee and all expenses including travel, board and lodge and in-field travel expenses.*
   - *For a two-week study - not exceeding INR 2 lakh including Out of Pocket Expenses (OPE), travel, board and lodge and in-field travel expenses.*

- *For a three-week study - not exceeding INR 3 lakh including OPE, travel, board and lodge and in-field travel expenses.*

iii. Design Interventions:

a. *This would be for the following beneficiaries:*
   - *Cluster level impacting at least 50 artisans,*
   - *Enterprise of artisans group of at least 10 artisans,*
   - *Micro enterprise of at least 3 artisans.*

b. *Total budget cannot exceed INR 60,000 per artisan impacted including working capital, training, capacity building and design. It will include following:*
   - ***Design & Development:*** *Design & Development Fee not exceeding INR 10 lakh per cluster, INR 5 lakh for enterprise and INR 3 lakh for micro enterprises; prototyping and sampling costs including labour and material; training and capacity building.*
   - ***Working Capital Intervention:*** *INR 50,000 per product/design will be provided as first intervention. Working capital per design / product for production of minimum 100 pieces of each design with maximum of INR 10 lakh will be provided as working capital assistance for each cluster, INR 5 lakh for enterprise level and INR 3 lakh for micro enterprise level. The sales proceeds of new designs will be utilized as revolving fund for the further production of the cluster group. Provided Return on Investment (RoI) on new sales generated by design inputs should be at least 4 X of design fees paid.*
   - ***Modernization of Equipment:*** *To make new designs, modification of the existing machineries or change of existing machinery for developing new designs maybe required. Modification / equipment not exceeding INR 3 lakh per product may be considered. Decision will be made on the basis of returns on investment to the artisans. Where equipment is being considered for a common facilities centre benefiting the cluster, the budget considered may be higher, on a case to case basis.*

5.16 Special Support to SC /ST Entrepreneurs

SC/ST entrepreneurs will be encouraged in establishment of enterprises and capacity building in Entrepreneurship.

i. The existing support under the **Special Component Plan / Tribal Sub Plan Package** includes the following components:

a) KIADB and KSSIDC to allot land / shed (A or B) at 75 percent subsidized cost or maximum of INR 200 lakh whichever is less in all zones. The concessional allotment of land / shed will be available to domicile SC/ST entrepreneurs only subject to a maximum of 2 acres / one shed (A or B) per family and subsequent allotments will be on prevailing rates of KIADB / KSSIDC. To avoid misuse of SCP / TSP funds, such land / shed (A or B) shall not be alienated for a period of 10 years from the date of execution of lease cum sale agreement. All other terms and conditions are as per Government Order No. CI 76 SSI 2019 dtd. 28/05/2020.

b) 90 per cent subsidy on the cost of KSSIDC 'D' and 'C' type sheds constructed and allotted to SC/ST entrepreneurs for Micro and Small Enterprises.

c) 60 per cent subsidy limited to INR 5.00 Lakh on bank loans availed by SC/ST entrepreneurs through financial institutions/banks/co-operative and rural regional banks (excluding co-operative financial associations) for setting up cottage and micro Enterprises.

d) Soft Seed Capital Assistance:

Interest free loan at 50% of promoter's contribution for loan availed at 2:1 debt equity ratio for project cost up to INR 2.00 crore to establish new Micro /Small Enterprises by first generation SC / ST Entrepreneurs, applicable from 28/09/2018 onwards.

e) Modernization/Technical Training: 3-6 month Sector specific skill development training to 10th pass / failed SC/ST youth in Government Training institutions established/sponsored by Government.

f) Free distribution of Khadi Charakas to SC/ST Khadi Workers identified by Karnataka Khadi and Village Industries Board.

g) Financial assistance to SC/ST entrepreneur at 50 per cent of the cost of establishment of Private Industrial Estates limited to INR 5.00 crore on a minimum 10 acres of land.

h) Re-imbursement of Loan processing fee, legal fee, loan disbursement fee, etc. charged by KSFC and other banks on the loans availed for the first time by SC/ST entrepreneurs to establish Micro and Small Enterprises after 01-04-2017

i) Subsidy on power charges for the first 5 years @ INR 2.00 per unit to SC/ST owned new Enterprises working from 01-04-2017 onwards.

j) Living-cum-work sheds to SC/ST artisans at a unit cost of INR 3.00 lakh in rural areas and INR 3.25 Lakh in urban areas. The beneficiary contribution will be about 10 per cent.

k) Infrastructure assistance for Specialized Training Institutes.

l) Industrial study tour for entrepreneurs.

m) Entrepreneurs' awareness and development programs.

ii. The following infrastructure support will be provided to SC/ST Entrepreneurs;
   a) *KIADB will reserve 22.65% for SC/ST entrepreneurs out of the area reserved / earmarked for MSMEs in new industrial areas.*
   b) *KSSIDC will reserve 22.65% for SC/ST entrepreneurs out of the entire area earmarked for MSMEs in new industrial estates.*
   c) *Reservation of space in Government funded incubation centres and skill development centres for SC/ ST- MSME entrepreneurs.*
   d) *State will conduct Entrepreneurship Development Programs exclusively for prospective SC/ST entrepreneurs.*
   e) *SC/ST entrepreneurs will be encouraged by providing space at 50% concessional monthly rentals for a period of 3 years in the flatted factories constructed by KIADB / KSSIDC.*
   f) *KSSIDC will construct 'D' and 'C' type sheds in potential reserved assembly constituencies in the State for Micro and Small Enterprises promoted by SC/ST entrepreneurs.*

iii. Additional fiscal incentives under this policy for establishment of new enterprises and expansion / diversification / modernization offered to MSMEs promoted by SC/ST entrepreneurs are available in **Section 9** under **Table 9.1.1**

5.17 Incentives and Concessions

To keep the momentum of growth and to encourage holistic development of MSMEs, the State Government will provide incentives & concessions.

The incentives and concessions under this policy for establishment of new enterprises and expansion/ diversification / modernization are available as detailed in **Section 9.1.**

06

Export Promotion

6 Export Promotion

Government of Karnataka reaffirms its strong commitment towards export promotion to push economic growth and create jobs. Concrete steps will be taken in the policy to take exports on higher growth trajectory by considering strategies more holistically and synergizing export promotion with industrial growth.

6.1 Export Promotion Measures

Government's focus on promoting exports *(diversification of export products, domestic export linkages and the conquest of new markets)* is based on a demand-based export basket diversification approach which will give a big push to exports.

6.1.1. Creating Export Infrastructure and Logistics

i. Private participation would be encouraged for the development of Inland Container Depots, Container Freight Stations, Logistics Parks, pre & post-harvest technology centers, warehousing and other infrastructure facilities.

ii. Trade bodies and industry associations would be encouraged to promote development of infrastructure, R & D Centre, Training Centre and Testing Centre to augment the development and growth of exports.

iii. Private participation, Export Promotion Councils, Trade bodies / Industry Associations would be encouraged to create warehousing facilities overseas for exporters near transit ports to help trans-shipment of goods on main line vessels.

iv. Existing sea ports would be strengthened to enhance the capacity for facilitating exports.

v. Development of minor ports would be taken up on top priority for creating capacities for handling varieties of commodities for imports and exports.

vi. The Bengaluru Air Cargo Complex and Mangaluru Air Cargo Complex would be supported to strengthen and upgrade facilities to meet the demand of exporters.

vii. The rail network in Karnataka would be strengthened to facilitate speedy movement of goods to ports.

6.1.2. Participation in International Trade Fairs

i. State shall organize Karnataka Pavilion in important international events to enhance the visibility of Karnataka based products in international market.

ii. State will also formulate its annual calendar of events through collaboration with various trade related associations/Export Promotion Councils/ FIEO which annually organize participation in major international Events and accordingly, host on their website.

6.1.3. Awareness for Export Promotion

i. All domestic events/workshops/B2B meetings being organized within the State/India among the exporters will be hosted on the VTPC website.

ii. The District Industries Centre along with VTPC will tie up with regional offices of DGFT to conduct seminars on International Trade at various clusters in collaboration with active local trade bodies and associations.

iii. State in collaboration with sector specific export promotion councils may create a portal to disseminate with respect to product-country wise standards and certification requirements.

6.1.4. Global Market Intelligence

Global Market Intelligence reports will be prepared by VTPC in association with trade related associations/Export Promotion Councils/ FIEO to increase exports through geography-specific and product-specific strategies.

6.1.5. Town of Export Excellence

Government will identify Town of Export Excellence (TEE) and proposals will be invited from recognized associations regarding export promotion projects for marketing, capacity building and technological services.

6.1.6. Export Awards

The State will continue to confer the Annual Export Awards for export excellence in the State and encourage existing and new exporters.

6.1.7. Strategic Implementation Unit

A Strategic Implementation Unit, which will act as an advisory body for export promotion, shall be constituted under the Chairmanship of the Commissioner for Industrial Development- State Export Commissioner for export related inter-departmental co-ordination and implementation of the strategy.

07

Promotion of Large Mega, Ultra & Super-Mega Enterprises

7 Promotion of Large, Mega, Ultra & Super-Mega Enterprises

Karnataka provides a unique and complete package to meet all the needs of Large, Mega, Ultra & Super-Mega Enterprises and continues to be preferred destination for many OEMs looking for high quality intermediate products equipped with the latest technology. Concerted efforts are made in the policy to ensure Karnataka remains an attractive destination for investment.

7.1 Annual Action Plans for Investment Generation

i. Annual Action Plans will be prepared by Karnataka Udyog Mitra / Invest Karnataka Forum with detailed market and product strategies to identify potential investors & hand hold till the project is implemented.

ii. District-wise Annual Action Plans to attract large and mega industries based on the potential of the districts will also be prepared.

iii.

7.2 Support to existing State PSUs

To revive existing operational State PSUs under Commerce and Industries Dept., Government shall extend support with a one-time capital infusion of INR 10-15 crore each (need based) towards up-gradation of plant & machinery and technology.

7.3 Infrastructure Support

Most of the Large, Mega, Ultra & Super-Mega Enterprises require large extent of land in industrial area and sometimes KIADB will also allot bulk land without any development to such projects in the industrial area.
KIADB will earmark 70% of allottable land to Large, Mega, Ultra & Super-Mega Enterprises in all industrial areas.
Government will consider allotment of Land at concessional rates for ultra mega and super mega enterprises as a special incentive giving due weightage to investment, location of the project, direct and indirect employment to be generated etc.,

7.4 International Investment Facilitation Desk

A Non-Profit Company “Invest Karnataka Forum (IKF)” has been formed to promote investments and to market Karnataka within India & globally to attract investments. The Directors of the Company comprises of the Government and Industry Leaders. Hon’ble Minister for Large & Medium Industries is the Chairman and Co-Chaired by an Industry Leader. Other 6 Directors comprises of two Directors from the Government and four from Industry.

This policy intends to set up an International Investment Facilitation Desk at Invest Karnataka Forum to attract Foreign Direct Investment and the foreign business entities looking for alternative locations for diversification of their supply chain. International Investment Facilitation Desk will hand hold these foreign investors in the entire process of identification and implementation of their projects. Preferential treatment would be given to international investments.

Key facilitation services offered by the International Investment Facilitation Desk would include the following:

i. **One-Stop Window:** serve as a one-stop point for all foreign investments in Karnataka and provide a full range of assistance to investors throughout the investment process.

   - **Pre-Investment Stage**: Opportunity Assessment; Market Strategy/ Business Advisory; Policy Guidance; Subsidy/ Incentive Advisory
   - **Investment Execution**: JV & Strategic Partner Search; Corporate & Industry Introductions; Site Identification; Entry Route Procedure Advisory; Regulatory Clearances
   - **Long Term Partnership**: Policy Advocacy; Issue Redressal; Expansion Support

ii. **In-Principle Approval:** The investment proposals will be fast-tracked by way of recommendation for allotment of land by Land Audit Committee (LAC). LAC will scrutinize the requirement of the land for the project keeping in mind the requirement and availability of land leading to optimal use of land resources.

   In exigencies, if the investor is unable to attend the LAC, request for approval of project / allotment of land will be facilitated over a video call. In-principle approvals from the various single window agencies will be issued immediately pending ratification of the SLSWCC / SHLCC.

iii. **Special Management Team:** Constitution of a dedicated team to assist in fast tracking investment proposals and support all communication with various Governmental Departments.

iv. **Matchmaking:** IKF will provide tailor made services to foreign companies and investors and help in creating a network to pair talented professionals with suitable companies to better facilitate growth in various industries.

v. **Infrastructure Support:** Government would provide incentives and concessions as applicable in **Section 9.3** under **Table 9.3.1** for Private Industrial Parks. In addition, special incentive as applicable in under **Table 9.3.1** for any foreign entity interested to set up an International Industrial Park wherein at least 75 per cent of the companies are of foreign origin. Downstream units in the park shall avail incentives and concessions as applicable in respective sectoral policies.

vi. **Support Services:** IKF will provide handholding services in the form of local information and expertise; visa facilitation; multi-lingual support; etc.

7.5 Investors Meet

Promotion of industrial prowess of the State among the new investors' is an integral exercise being carried out by the Department. Karnataka has held Global Investors meet earlier in 2000, 2010, 2012 and 2016. In the past, Investors' Meet have been focused around international investors and events conducted in Bengaluru, as a State capital.

In order to promote Tier-II cities, it is now proposed to have such Investors Meets at identified Tier-II cities. An initiative in this direction has already been taken by hosting **'Invest Karnataka-Hubballi Conference'** in February, 2020. Industry bodies, potential investors, policy makers and other stakeholders were involved to have a meaningful discussion which succeeded in showcasing the industrial prowess of Northern Karnataka.

It is proposed that beside hosting a Global Investors Meet in Bengaluru, Regional Investors Meet will be taken up in Tier-II cities so as to attract and showcase investment opportunities in the State for inclusive industrial growth.

7.6 Incentives and Concessions

The incentives and concessions under this policy for establishment of new enterprises and expansion/ diversification / modernization will be applicable as per **Section 9.2.**

Special package of incentives / concessions and relaxation in the conditions mentioned in the policy will be considered for deserving ultra and super mega enterprises only giving due weightage to investment, location of the project, direct and indirect employment to be generated.

08

Making Land & Labour easily available for Manufacturing

8 Making Land and Labour easily available for Manufacturing

The emergence of Karnataka as a global industrial hub is dependent on its ability to provide easy access to land, labour, and finance. Therefore, this policy puts special emphasis on simplification of regulatory framework and ease of doing business with respect to land and labour.

8.1 Land

As Karnataka continues to industrialise and move towards a more industry-based economy, industrial land demand continues to grow. The Government will take steps to make lands available to industry by initiating land regulatory reforms and ensuring development of new industrial areas / estates. The following reforms are identified for action.

8.1.1 Regulatory Reforms

The Karnataka Land Reforms Act, 1961 (KLR Act, 1961) enacts law relating to land reforms in the State of Karnataka. Necessary amendments has been made in Karnataka Land Reforms Act,1961 to simplify procurement of land and for speedy conversion of agriculture land for industrial purposes within stipulated timelines.

8.1.1.1 Section 109, The Karnataka Land Reforms Act, 1961

Taking note of delay in getting permission under Section 109 of KLR Act, 1961, the State Government has proposed the following steps:

i. The State Government vide Notification No. DPAL 08 SHASANA 2020, Bengaluru, dated April 27, 2020 has amended the Section 109 of Karnataka Land Reforms Act, 1961 to address the issues and simplified the procedure which will benefit both the land owner and the industry.

   With this amendment, any industrial projects approved by State High Level Clearance Committee (SHLCC) or the State Level Single Window Clearance Committee (SLSWCC) constituted under the Karnataka Industries (Facilitation) Act, 2002 shall be deemed to have exempted by the Government from the provisions of section 63, 79A, 79B or 80 of Karnataka Land Reforms Act, 1961.

   These project proponents can directly procure from land owners such land required for the project to such extent approved by the Government.

ii. Permission shall be issued in 7 working days or 8 weeks by the Deputy Commissioner or the Government respectively, in case of agricultural land purchased under Section 109 of KLR, Act 1961, for type of lands mentioned below:

   - Lands which attracts the provisions of the Karnataka SC/ST *(Prevention of Transfer of Certain Lands)* Act, 1978
   - A grant land has a non-alienation condition needing the permission of the Government for alienation

- Any land which requires a separate permission under independent statute or rule of notification of the State Government for its purchase

iii. The investor shall register the sale deed and make payment of conversion fees. The mutation of revenue records takes 35 days, following, the issue of deemed conversion under Section 95 of the Karnataka land Revenue Act 1964 in 7 working days.

iv. For solar & all other renewable energy projects cleared by Energy Department at the State level, where permission to purchase agriculture land under section 109 of KLR Act, 1961 is required, the same process as articulated above will be followed. The authorized officer of Karnataka Renewable Energy Development Limited will play the role corresponding to the one played by authorized KUM officers.

8.1.2 Development of Industrial Land

Concerted efforts have been made to develop and strengthen State of the art infrastructure in various industrial areas and estates spread across the State. Government will focus more on making available allottable industrial lands / sheds with comprehensive infrastructure facilities to the project proponents across the State.

8.1.2.1 Promotion of Industrial Areas and Estates

8.1.2.1.1 Karnataka Industrial Area Development Board (KIADB)

In the past 5 years, Karnataka has received investment proposals through SHLCC and SLSWCC worth INR 3.73 Lakh crore for establishing MSMEs, large and mega industrial units which require more than 43,000 acres of industrial land which includes KIADB land, purchased under section 109 of KLR Act, 1961, own land, leased land / rented building etc. To cater to this demand for industrial land, during the past 5 years KIADB has approved 43 industrial layouts and notified 14,585 acres for the development of industrial areas and single unit complexes of which 95 percent of land has already been acquired.

Following interventions will be undertaken by KIADB for further development of land for industrial use:

i. Considering the future industrial land requirement to facilitate INR 5.00 Lakh crore of investment, KIADB shall create land bank across the State based on demand assessment.

ii. The total requirement of land across the State for industrial use during the policy period is estimated to be around 41,600 acres which includes KIADB land, land purchased under section 109 of KLR Act, 1961, own land, leased land / rented building etc. It is proposed that KIADB will acquire 20,000 acres of land for the policy period in a phased manner *(including SUCs)*. The remaining extent of land required may be made available through purchase under Section 109 of KLR Act, 1961, own lands and lease land / rented building etc.,

iii. KIADB shall prepare annual plans for acquisition and development of new industrial areas / estates in line with industry requirements as per perspective plans.

iv. To boost the industrialization in Mumbai Karnataka area and Kalyana Karnataka area, KIADB shall develop industrial areas in the acquired land like Mummigatti-Dharwad, Narasapura 2nd phase – Gadag, Kanagala-Belagavi, Mulavad-Vijayapura, Kushtagi-Koppal, Kudatini & Mundargi 4th phase – Ballari, Chittapur-Kalaburagi, Kolhar 2nd phase – Bidar.

v. KIADB will explore the possibility of development of the second industrial node in the Chennai Bengaluru Industrial Corridor at Kolar Gold Fields (KGF) by utilizing the unencumbered land of Bharath Gold Miles Limited (BGML) in consultation with Government of India.

vi. Existing industrial areas older than ten years, the effort would be made to handover these industrial areas to respective Industrial Associations for future maintenance.

vii. Assistance available under Modified Industrial Infrastructure Up-gradation Scheme and other similar schemes of Government of India will be explored and leveraged in upgrading such infrastructure.

viii. It is proposed to reserve maximum of 10-15% of the land area for promotion of supporting social infrastructure like housing, service apartments, hospitals, shopping complexes, restaurants, etc., in all future KIADB industrial areas of over 1,000 acres.

ix. KIADB will supply treated water to industrial areas for industrial use. Suitable arrangements will also be made by KIADB for supply of potable water.

x. In all new industrial areas & wherever mandated, KIADB shall set up Common Effluent Treatment Plants (CETP) or encourage private investor to set up and manage such CETPs.

xi. KPTCL will designate all the industrial feeders of 33KV / 66KV / 110KV / 220KV as express feeders with 24/7 power supply.

xii. To meet the fund requirements at acquisition stage, KIADB will create a corpus fund on revolving basis which will be structured in a manner to provide self-sufficiency.

xiii. Facilities for Workers: Government plans to develop affordable residential accommodation for workers in industrial areas as part of the infrastructure facilities to facilitate a walk-to-work environment. These facilities will include single room tenements and dormitories for industrial workers with common facilities. Land will be earmarked for the said purposes and would be allotted to private developers / industries for development on a transparent process.

8.1.2.1.2 Karnataka State Small Industries Development Corporation (KSSIDC)

i. In all new industrial estates & wherever mandated, KSSIDC shall set up Common Effluent Treatment Plants (CETP) or encourage private investor to set up and manage such CETPs.

ii. KPTCL will designate all the industrial feeders of 33KV / 66KV / 110KV / 220KV as express feeders with 24/7 power supply.

iii. Existing industrial estates older than ten years, the effort would be made to handover these industrial estates to respective Industrial Associations for future maintenance.

iv.

8.1.2.1.3 Private Industrial Parks

Government proposes to encourage establishment of industrial areas and estates in the State either by private investors or through PPP mode. These would be approved by SHLCC / SLSWCC.

Sl No.	Category	Minimum Acreage
1.	Knowledge Based Industries / Flatted Factories	5
2.	Logistics	50
3.	Multi / Sector Specific Industrial Parks	75
4.	Integrated Industrial Parks	250

8.1.2.1.3.1 Land

The Private Developer can acquire land for development of integrated / multi / sectoral/logistics industrial parks and flatted factories by one of the following procedures:

- Under Section 109 of KLR Act, 1961
- Single Unit Complex (SUC) through KIADB acquisition
- To utilize proponent's own land for development of private industrial areas / estates / layouts / parks / flatted factories subject to compliance of land use pattern in the approved Master Plan by local planning authority.

8.1.2.1.3.2 Development

i. Depending on the nature, size, location and resources available for industrial areas / estates / layouts / parks / flatted factories, Government will provide the required support and create adequate external infrastructure on case to case basis

ii. Developers / Co-Developers will construct, install all basic support infrastructure like road, bridge, power generation, transmission and distribution, water supply, underground drainage systems, etc. and will adopt a scientific method for fixation of price to make available the infrastructure at reasonable rates.

iii. The generation, transmission and distribution of Electricity in these Private Industrial Parks will be facilitated as follows:

   a. *The Developer / Co-developer or his agent shall be deemed to be a licensee under section 14 of the Electricity Act, 2003.*

   b. *The Developer / Co-developer or his agent will have an option to purchase electricity for the park from any State Electricity Company and any other generator of electricity including Central Power Supply Undertakings (CPUs). Such purchaser shall be deemed to have an approval to use the transmission and distribution system of the transmission and distribution agency under the Electricity Act, 2003. Subject to payment of appropriate wheeling charges and availability of transmission capacity.*

   c. *Any sale of electricity to its units in the park shall be exempted from payment of electricity duty or any taxes on the electricity consumed.*

iv. A maximum of 20% may be utilized for residential and commercial activities in integrated industrial parks. Other parks may have 5-6 residential units.

v. KIADB bye-laws to be followed across all integrated / multi / sectoral / logistics industrial parks and factories.

8.1.2.1.3.3 Approvals / Permissions

i. Private developer will be responsible for operating, managing and maintaining all the infrastructure facilities, amenities and support services on 'pay and use' basis for all integrated / multi / sectoral / logistics / flatted factories and industrial parks.

ii. SLSWCC/ SHLCC permit sublease of lands by private developers, while approving the project.

iii. Layout plans / Master plan shall be approved by KIADB and the developer may take up phase-wise development and shall carry out plot allotments only after basic infrastructure facilities have been implemented. Building plans for individual units will be approved by KIADB.

iv. The developer can carry out minor changes in the master plan approved by KIADB such as bifurcation and amalgamation of the plots in the layout and subsequently get these changes ratified annually by the KIADB.

v. To enable effective maintenance of civic services in Private Industrial Layouts, Government to enact a statute to provide for the constitution of Karnataka Industrial Township Area Development Act for newly notified industrial areas as stated in section **8.1.4.6.1**

vi. Additional fiscal benefits as Stated in **Section 9** under **Table 9.3** of the policy will be offered to developer and units operating in integrated / multi sectoral / logistics / flatted factories and industrial parks.

8.1.3 Leveraging local resources and Special Projects

8.1.3.1 District Level Perspective Plan

Government plans to conduct detailed studies in districts to assess their present status and performance. It will be an integrated plan in a district taking into accounts the resources *(natural, human and financial)* available and covering the sectoral activities and schemes assigned to district level.

The studies will aim at gauging the current economic and socio-economic scenario along with a comprehensive industry assessment capturing the demands and needs of the industry.

8.1.3.2 Leveraging Special Projects

Department will promote setting up of industrial nodes / clusters along the special projects declared by Central / State Government such as Chennai Bengaluru Industrial Corridor (CBIC), Bengaluru Mumbai Economic Corridor etc. KIADB will be the nodal agency for development of industrial nodes along the special projects of Central / State Government.

8.1.3.3 Economic Corridors

Government of India is developing the Peninsular Region Industrial Development (PRIDE) Corridor as a development strategy to accelerate regional economic integration and development, including giving impetus to manufacturing. The proposed two corridors in the State viz. Chennai-Bengaluru Industrial Corridor and Bengaluru-Mumbai Economic Corridor of the PRIDE Corridor are very important link in the Golden Quadrilateral.

These two corridors with a strategic focus on inclusive development will provide an impetus to industrialization and planned urbanization. They aim to facilitate development of a well-planned and efficient industrial base by providing smooth access to the industrial production units, decreased transportation logistics costs along with an improved delivery time and reduction in inventory cost and ensure increased private investments in manufacturing and industrial activities. In each of these corridors, manufacturing will be a key economic driver and these projects are critical in raising the share of manufacturing in India's Gross Domestic Product (GDP) from the current levels of 16 % to 25 % by 2025.

i. Chennai Bengaluru Industrial Corridor (CBIC)

CBIC covers the States of Tamil Nadu, Andhra Pradesh and Karnataka. Three nodes namely Tumakuru in Karnataka, Krishnapatnam in Andhra Pradesh and Ponneri in Tamil Nadu are identified for development as industrial nodes. It is expected to boost commerce between India and East Asia by enabling quicker movement of goods from these places to the Chennai and Ennore ports. Comprehensive Integrated Regional Master Plan for Chennai Bengaluru Industrial Corridor has been prepared by Japan International Cooperation Agency (JICA). The CBIC will spur manufacturing, industrial development along the corridor, and will be instrumental in creating new jobs in many districts of Karnataka.

Key Features

- Target period: 2013-2033
- 25% contribution from manufacturing sector to GDP
- 12-13% corridor GDP growth for next 20 years.
- Incremental Job Creation of 34 million
- Environment sustainability and reduced emissions
- Key Sectors include Computer, Engineering, Optical products, Automobile, Machinery / Electrical Machinery, Pharmaceutical, Food processing and Textile & Apparels.

Karnataka Government has initiated operationalisation of Tumakuru industrial node under Chennai Bengaluru Industrial Corridor on a fast track basis wherein a dedicated SPV called CBIC Tumakuru Industrial Township Limited has been established.

Tumakuru Industrial Node

Tumakuru Industrial Node is established over 13,490 acres at Vasanthanarsapura near Tumakuru under the CBIC Project. An estimated INR 50,000 Crore capital will be invested and 2 Lakh employment is expected to be provided. A Special Purpose Vehicle (SPV) called CBIC Tumakuru Industrial Township Limited has been established. The Vasanthanarsapura Industrial Area about 90 km from Bengaluru and 20 km from Tumakuru on either side of NH-4 is being developed in six phases (*Brownfield Development (Phase I to Phase III) – 3,890 Acres and Greenfield Development (Phase IV to Phase VI) – 9,600 Acres*). Phase I and Phase II has been completed and Phase III is currently under implementation. Major industries in sectors such as automobile, engineering, aerospace, textile etc., are already situated in the Brownfield area.

Two special projects are being developed at Vasanthanarsapura Industrial Area Phase III viz. Tumakuru Machine Tool Park and Japanese Industrial Township.

Tumakuru Machine Tool Park	Japanese Industrial Township (JIT)
India's first Machine Tool Park is being developed to international standards, meeting high infrastructure standards and facilities through an SPV under the name "Tumakuru Machine Tool Park" at Vasanthanarsapura Industrial Area, Tumakuru.	Government of Karnataka has been working closely with Japanese Government counterpart organizations like JETRO, JICA, and JCCIB to create a congenial business atmosphere for Japanese investors in the State and to promote mutual trade between Japan and Karnataka.
Total Area: 529.50 Acres **No. of Industrial Plots:** 158	**Total Area:** 519.55 Acres **No. of Industrial Plots:** 111

Employment generation (Projected): 5,000 **Products:** Conventional & Computerized Numerically Controlled (CNC) products such as metal cutting & metal forming Tools. **Water Supply:** Dual water supply system - potable & non-potable. **Common Facilities:** CEFC, T&CC, R&D Centre.	**Employment generation (Projected):** 5,000 **Products:** Heavy Engineering & Machine Tool; Automotive and Auto Components; Aerospace Components. **Water Supply:** 5 MLD water is being supplied from Hemavathi Canal through Kuppur Tank.

ii. Bengaluru Mumbai Economic Corridor (BMEC)

BMEC is a proposed economic corridor between Mumbai and Bengaluru. The corridor is spread across the States of Karnataka and Maharashtra and passes through major cities such as Davangere, Chitradurga, Hubballi - Dharwad, Belagavi, Solapur, Sangli, Satara and Pune. The overall length of the corridor is around 1,000 km and covers an area of around 1,43,000 sq. km. The corridor is delineated around the National Highway 4 (NH4) *(which connects Bengaluru to Mumbai),* the Bengaluru-Mumbai railway line and the Dabhol-Bengaluru Natural Gas Pipeline. Government of Karnataka has identified 'Dharwad' as the first industrial node in Karnataka under the BMEC.

Key Features

- *Target period: 2017-2041*
- *Increase growth rate by around 1.5 times more from existing levels*
- *Share of secondary sector is expected to be around 28% (from existing rate of 19% of BMEC Districts)*
- *Expected to create around 32 million jobs*
- *Expected to increase region's exports by US$ 96,000 million*
- *Key sectors include Heavy Engineering, Precision Engineering, Automobile, Aerospace, Pharmaceuticals & Nutraceuticals, Electronics, Aerospace & Defence, Cement, Robotics, Solar PV, Base metals, Gas based, Agro-processing and Textiles.*

8.1.3.4 Dharwad Special Investment Region (SIR)

It is proposed to establish, develop, operate and regulate the Special Investment Regions (SIRs) in the State with an area of more than 100 sq. Kms or Industrial Area with an area of 50-100 sq. Kms to set up world class global hubs of economic activities & services supported by world class infrastructure, premium civic amenities, centers of excellence and proactive policy framework.

"Economic Activities and Services" in these SIRs including but not limited to industrial, manufacturing, commercial, financial, processing, packaging, logistics, transport, tourism, hospitality, health, housing, entertainment, research and development, education and training, information and communication, management and consultancy, corporate offices and the activities and services connected therewith or incidental thereto and other economic activities.

State Government will enact a new SIR Act to facilitate administration of SIR/s in the State. The Special Investment Region will have separate administrative mechanism for establishment, operation, regulation and management of the SIR/s. SIR/s will have a four tier administrative set up with an Apex Authority - *the highest policy making authority,* Regional Development Authority for each SIR - *will look after the ground level issue of development & regulation.* Project Development Agency and Project specific special purpose vehicle (SPVs).

The SIR boundary declared under the Act, except the village site area *(gramtana)* of a Village Panchayat, Municipal area and Municipal Corporation area declared under the provisions of respective State laws, would not be under the jurisdiction of a local authority to the extent it relates to the provisions made in the SIR Act & the area shall be deemed to be an **Industrial Township.**

To decongest Bengaluru and to promote other areas through Industrial development, it is proposed to notify the first SIR – **Dharwad Special Investment Regions (D-SIR)** encompassing Dharwad, Gadag, Haveri and Belagavi Districts.

SIRs will also be notified in Shivamogga encompassing Shivamogga, Davanagere, Chitradurga and Chickkamagaluru Districts & Kalaburagi encompassing the Kalayana Karnataka Districts.

8.1.4 KIADB Reforms

Karnataka Industrial Area Development Board (KIADB) established under the Karnataka Industrial Areas Development Act, 1966 is the principal agency which acquires the land for industrial use. It promotes and assists in the rapid and orderly establishment, growth and development of industries in the State. Apart from acquiring land for industrial areas, KIADB also acquires lands to cater to the specific needs of individual industrial units (Single Unit Complexes) and public infrastructure projects.

KIADB has developed over 170 Industrial areas and 483 Single Unit Complexes. Further, KIADB has also developed Geographical Information System (GIS) based system which facilitates users to view the spatial details and related information on KIADB portal with respect to the industrial areas, plot details, usage, allotment details, etc.

To provide swift and timely services to the investor community, 11 services of KIADB *(Intimation for payment of initial deposit & EMD; Issue Allotment Letter; Issue of confirmatory letter; Issue of possession letter; Execution of lease-cum-sale agreement; Issue of NOC in favour of Financial Institutions / Banks; Sanction of Building Plan up to 2 acres; Sanction of Building Plan more than 2 acres; Sanction of Building Plan for SUCs; Issue of NOC in favour of KPTCL/ESCOMS; Permission for water supply connection)* have been brought under SAKALA.

Efforts and steps will be taken to use technology to further reform the land planning, acquisition, and allotment system.

8.1.4.1 Acquisition of Land

Government of Karnataka will adopt a systematic, time bound service delivery mechanism to ease the current land acquisition process. It will be a continuous process carried out by the respective agencies where the land planning will be done in advance considering the future requirements for industrial development. To facilitate creation of the land bank, the land assessment / readiness and / or availability would be done

beforehand to address the gap between the actual demand and the extent acquired. Also, a specific timeline will be fixed for completion of the land acquisition process under KIADB and action plans for acquisition of lands will be prepared. Details of all land parcels that form part of the industrial land bank of the State will be made available on the website of KIADB.

KIADB will make provisions for providing at least one employment per land loser family while acquiring land for industries. Such employment will be only in private establishment in the same or any other industrial area developed by KIADB.

If the land acquired by KIADB is allotted to Government/ PSUs or quasi Government establishment, and also utilized as Civic Amenity sites, Roads, Parks etc., Land loser families shall not demand employment in the Government / PSUs or quasi Government establishment or any particular Industry established in their land. However, KIADB will facilitate employment to such land loosers in private establishments in the same or any other industrial area developed by KIADB.

8.1.4.2 Allotment of Land & Land Pricing

Time requirement for land allotment has been reduced from 60 days to 45 days and KIADB will work towards further reducing the allotment time by streamlining its acquisition process in a time bound manner which would provide readily available information on land banks and allottable plots with the department. KIADB will prepare a layout master plan for each Industrial Area before allotting the plots to the project proponents as per the planning guidelines.

In view of making the land available in time for industrial use at a reasonable and competitive price without any hassle a Price Fixation Committee (PFC) will be constituted within KIADB to determine the prices of all the land parcels in a timely manner. As per G O No CI/134/SPI/2018 dated 05.09.2018 it is stated that the developed or under developed area of KIADB final price fixation should be as follows:

i. KIADB will fix the final price for the plot within two years from the date of execution of lease cum sale deed / lease deed. The final price shall not exceed 20% of the tentative allotment price indicated at the time of allotment.

ii. KIADB will develop infrastructure facilities & allot industrial plots year wise and the final price for such plots shall be fixed for the first year allottees in the third year, second year allottees in the fourth year and so on. Such final prices shall be based on the infrastructure facilities provided during the period and the final price for the area shall be based on overall infrastructure costs.

iii. KIADB will make provisions for increase of allotment price year on year basis based on the costs incurred. The allotment rate may vary based on the year of allotment. However, the final price shall not exceed 20% of the tentative allotment price indicated at the time of allotment.

iv. The land prices will also be displayed on the website, along with other information. The land price will have validity for a specified time-period, and will get revised periodically.

v. Further, KIADB will work towards developing a system where in the final pricing will be given at the time of land allotment.

8.1.4.3 Industrial Information System and Industrial Park Rating System

GIS based web portal developed by Department for Promotion of Industry and Internal Trade (DPIIT) 'Industrial Information System and Industrial Park Rating System' will be regularly updated for all the industrial areas/estates by KIADB/ KSSIDC to ensure accuracy and completeness of data across all parameters on the Industrial Information System portal.

8.1.4.4 Environmental Measures in Industrial Areas

KIADB will ensure that all industries in their industrial areas have provisions for harvesting of rooftop rain water, surface runoff, storage & direct use / recharge of ground water etc., and adopt waste water recycling practices and encourage Zero discharge.

KIADB will supply treated water to industrial areas for industrial use

8.1.4.5 Resumption of Land

Efforts will be made to expedite the land resumption process in those cases wherein the project proponent has either defaulted on payment or not initiated the project within the stipulated timeline.

8.1.4.6 Maintenance of Industrial Areas

As a part of providing a hassle-free environment for the industrial units and to enable effective maintenance of civic services in industrial areas and to avoid the issue of multiple taxation on industries *(such as taxes of panchayats / municipalities / corporations)*, issue of multiple jurisdiction of one or more panchayats / municipalities/ corporations, levy & recovery of tax as fixed by the local bodies, maintenance of infrastructure i.e. road, SWD, street lights and water supply, the following is proposed:

i. Government will constitute an Industrial Area Development Authority of Karnataka under The Karnataka Industrial Areas Development Act, 1966 applicable to the new industrial areas of KIADB which is under development and existing industrial areas/estates of less than 100 acres within or outside panchayat / municipal / corporation limits. This authority will maintain the industrial area only until completion and thereon will hand over the industrial areas to the concerned local authorities on notification as 'Industrial Township'.

ii. Developed industrial areas with an extent above 100 acres and located within or outside panchayat / municipal / corporation limits will be notified as 'Industrial Townships'.

8.1.4.6.1 Industrial Area Development Authority of Karnataka (IADAK)

i. Industrial Area Development Authority of Karnataka shall be constituted under The Karnataka Industrial Areas Development Act, 1966 to perform statutory powers/functions of local body such as collection of property taxes, development cess, advertisement tax, sanction of building permits, removal of encroachments, management and maintenance of civic amenities in the industrial areas.

ii. Property tax collected shall be shared with the concerned local authorities in the ratio to be decided by the Government.

iii. IADAK shall monitor the compliance of all the applicable acts/laws/statutes by the Industry.

8.1.4.6.2 Industrial Township

Large industrial areas and estates in the State will be declared as Industrial Township under section 364-A of the Karnataka Municipalities Act, 1964 and establish authorities in respective townships to be managed by the industrialists as per section 364-(b)(2) of the Karnataka Municipalities Act, 1964.

To administer the affairs of Industrial Township Areas and to confer powers to the Industrial Authority, necessary amendments to Local Bodies Acts viz. The Karnataka Corporations Act, 1964 and The Karnataka Panchayat Raj Act, 1993 shall be carried out.

i. Industrial Authority shall perform statutory powers / functions of local body such as collection of property taxes / advertisement tax, development cess, sanction of building permits, removal of encroachments, management and maintenance of civic services in the industrial areas.

ii. Industrial Authority shall monitor the compliance of all the applicable acts / laws / statutes by the Industry.

8.1.5 KSSIDC Reforms

In view of making the land available in time for industrial use at a reasonable and competitive price without any hassle in the developed or under developed area of KSSIDC, final price fixation will be as follows:

i. KSSIDC will fix the final price for the plot / shed within two years from the date of execution of lease cum sale deed / lease deed. The final price shall not exceed 20% of the tentative allotment price indicated at the time of allotment.

ii. KSSIDC will develop infrastructure facilities & allot industrial plots/shed year wise and the final price for such plots shall be fixed for the first year allottees in the third year, second year allottees in the fourth year and so on. Such final prices shall be based on the infrastructure facilities provided during the period and the final price for the area shall be based on overall infrastructure costs.

iii. KSSIDC may make provisions for increase of allotment price year on year basis based on the costs incurred. The allotment rate may vary based on the year of allotment. However, the final price shall not exceed 20% of the tentative allotment price indicated at the time of allotment.

iv. The land prices will also be displayed on the website, along with other information. The land / shed price will have validity for a specified time-period, and will get revised periodically.

v. Further, KSSIDC will work towards developing a system where in the final pricing will be given at the time of land / shed allotment.

8.2 Labour

Robust economic growth and quality job creation are intertwined goals that can only be achieved through coherent and mutually-reinforcing strategies that improve employment opportunities and outcomes for the

working-age population. Skill development and enhancement will be other focus areas for meeting the dynamic requirements of the industry.

8.2.1 Regulatory Reforms

With an ambition to transform Karnataka into a more competitive, high-growth, high productivity industrial State, Government will introduce comprehensive labour reforms that will work on the principle of providing for a single registration, single license and single return for an establishment. Some of the implemented and proposed reforms include:

8.2.1.1 Multiple Shifts for Women

During peak manufacturing seasons, the industry needs to work in three shifts in order to meet the production targets.

An amendment has been made to allow women workers, who come forward to work during night shifts, i.e., between 7:00 PM to 6:00 AM in the factories registered under the Factories Act, 1948 subjected to conditions that ensure their safety, security and transport and other needs.

8.2.1.2 Liberal Working Hours

Seasonal nature of industry and the influence of market trends, creates spike in the production volume. To meet the production requirement during the surge period, production operations needs to be continued for extended hours. This necessitates engaging of the existing employees beyond normal working hours. As per the current provisions, the permissible overtime working is limited to 50 hours per quarter.

The Government has proposed to amend Section 64 & 65 of the Factories Act, 1948, allowing overtime working hours to be extended to 125 hours per quarter.

8.2.1.3 Fixed Term Employment (FTE) / Contract Employment

The seasonal nature of industries necessitates flexibility in employing workers; during the intervening period of inactivity or reduced work, the numbers of workmen have to be reduced. It becomes imperative that the manufacturers need to engage workforce for a fixed duration. It also helps the employees to focus on other profitable avenues like agriculture etc. during the lean season.

The Government has already made necessary amendments to the Karnataka Industrial Employment (Standing Order) Act, 1946 and notified the rules on 30/06/2020.

8.2.1.4 Minimum Wages Stabilization

The share of wages in input cost for labour intensive industries is substantive in costing of its products. To facilitate such labour intensive industries to factor in wage increase in costing and to maintain the cost advantage of domestic manufacturing, it is necessary that minimum wage revision be made periodic and linked to factors like inflation and consumer price index (CPI) for making it predictive. This would help the companies plan their operating costs.

Periodicity of revision of minimum wages will be fixed under the Minimum Wages Act and also shall be linked to factors like inflation and consumer price index (CPI).

8.2.1.5 Exemption to Special Economic Zones (SEZs)

To encourage merchandise exports, State labour laws are amended / relaxed vide Notification no. LD 194 LET 2016 dtd 28/11/2019 extending similar relaxation to manufacturing SEZs as provided to IT / ITES establishments under the Industrial Employment (Standing Orders) Act, 1946.

8.2.1.6 Proposed Procedural Reforms

Following key procedural reforms is proposed to be implemented by the Department of Labour.

i. **Labour Manual**: documentation and standardization of operations and practices in the form of a Labour Manual will help in strengthening of processes and procedures. Labour Manual along with a compendium of orders and notifications will be published.

ii. **Self-Certification Scheme**: Self-Certification Scheme for Boilers has been introduced. Similarly, self-certification scheme for labour laws including Factories Act will also be introduced.

iii. Interlinking of approvals of labour / factories / boilers with all related approvals.

iv. Robust joint inspections under Central Inspection System (CIS) as well as for Construction Permits provided by ULBs and KIADB.

v. MSMEs employing up to 50 employees shall be exempt from maintaining cumbersome records, furnishing returns and maintaining registers.

vi. Approval for making employees do OT (OT exemption from Department of Factories (DoF) under section 65 (2) will be converted to periodical submission of OT reports which will be considered instead of prior approval from DoF.

8.2.2 Skill Development

Skills and knowledge are the driving forces of economic growth and social development for any economy. With 55 per cent of the population in the working age group of 20 to 59 years, Karnataka has an opportunity of achieving faster economic growth through favourable demographic dividend by promoting skill development of the working population.

Following skill development/enhancement measures will be undertaken:

i. Director (MSME) will work closely with the Skill Development, Entrepreneurship and Livelihood Department to assess sector wise skill gaps by conducting periodic labour market surveys.

   Annual district wise skill development plans will be prepared based on the district level perspective plan and annual investment generation plan by Joint Director, District Industries Centers.

ii. Institutional tie-ups / Vocational Training Institutes for sector specific advanced skilling & up-skilling coming up in all zones through industry associations.

iii. **On the Job Training**: A scheme would be formulated to provide on the job training to 2,000 ITI passed candidates each year to increase the employability of the candidates.

iv. Government Tool & Training Centre (GTTC), CEDOK and other recognized institutions will be funded from the State budget to conduct the training programs. GTTC Tool Rooms will be set up across the State in potential Industrial Areas with active engagement of the industry.

v. Entrepreneurship development and management programs, sector specific skilling programs, hands-on training, mentoring will be conducted by DICs to promote new generation entrepreneurs and start-ups.

vi. Existing Artisan Training Institutes (ATIs) will be utilized on PPP mode for skill enhancement. Industry and industry associations will be encouraged to actively participate in designing curriculum and standards for skill training courses, depute their industry members as faculty and make shop floor available for practical training if required.

vii. Support towards training cost for Artisans in recognized Artisan Clusters.

The incentives for skill development is detailed out in **Section 9** under **Table 9.5**

8.2.2.1 Institutional Frameworks

A State Level Body would be constituted with members from industry, academia, Commissioner for ID and Director (MSME) and Skill Development, Entrepreneurship and Livelihood Department to co-ordinate the skill development and enhancement requirements of the industry. This body will also work to ensure quality training is imparted in various State training institutions.

09 Fiscal Incentives

9 Fiscal Incentives

The vision statement of this policy is to create an ecosystem for an inclusive, balanced and sustainable development of the State. Focused effort is needed for dispersal of the industries to the industrially backward taluks to realize this vision. In order to create a strong industrial base with equitable allocation of funds and for overall development of the State, the taluks are grouped based on backwardness in industrial development and region with separate incentives and concessions in different zones as mentioned in **Annexure 5**.

9.1 Incentives and Concessions for MSMEs

MSMEs are the backbone of Karnataka's economy. They are the engine of incessant growth, both in terms of value addition and providing livelihood to millions of people and creating value for the entire community. MSMEs are the best placed to utilize local resources and create local entrepreneurship. Considering the critical role of this sector, Government will continue to strengthen and promote the MSME sector for achieving inclusive industrial growth and promoting employment generation. To keep the momentum of growth and to encourage holistic development of MSMEs the State Government will provide the following incentives and concessions.

Table 9.1.1

<table>
<tr><th>Type of Support</th><th>General Category</th><th>Special Category
(SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)</th></tr>
<tr><td>Investment Promotion Subsidy for Micro & Small Enterprises</td><td>a) Micro Enterprises
Zone 1 : 30% of VFA (max of INR. 25 lakh)
Zone 2 : 25% of VFA (max of INR. 20 lakh)
Zone 3 : NIL
b) Small Enterprises
Zone 1 : 25% of VFA (max of INR. 100 lakh)
Zone 2 : 20% of VFA (max of INR. 90 lakh)
Zone 3 : NIL
VFA - Value of Fixed Assets</td><td>a) Micro Enterprises
Zone 1 : 35% of VFA (max of INR. 30 lakh)
Zone 2 : 30% of VFA (max of INR. 25 lakh)
Zone 3 : 10% of VFA (max of INR. 10 lakh)
b) Small Enterprises
Zone 1 : 30% of VFA (max of INR. 105 lakh)
Zone 2 : 25% of VFA (max of INR. 95 lakh)
Zone 3 : 10% of VFA (max of INR. 25 lakh)
VFA - Value of Fixed Assets
The additional subsidy of 5% of VFA in Zone 1 and 2 is subject to maximum of INR 5 lakh</td></tr>
<tr><td></td><td colspan="2">Note:
Micro & Small Enterprises can avail an investment promotion subsidy to an extent of 10% of the turnover in each financial year and spread the same to maximum of five financial years from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to the maximum extent as above. This investment promotion subsidy is limited to either the period (five financial years) or the limits whichever is reached earlier and no carry forward is permitted.</td></tr>
<tr><td>Investment Promotion Subsidy for Medium Enterprises
Minimum direct Employment 20 Number for first INR 10 crore & additional 7 employment for every additional investment of INR 10 crore proportionately.</td><td colspan="2">c) Medium Enterprises
Note:
Medium Enterprises can avail an investment promotion subsidy to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.

Medium Enterprises requiring lower employment / Enterprises which are unable to provide employment proportionate to investment as stipulated will have a lower turnover percentage in proportion to the total employment provided. However, the maximum period and VFA limit will be as above.</td></tr>
</table>

Zone	Turnover percentage	Maximum Period	VFA Limit
1	2.50%	6	40 % of VFA
2		5	35 % of VFA
3	NIL		

<table>
<tr><th>Type of Support</th><th>General Category</th><th>Special Category
(SC/ST, Women, Minorities, Physically Challenged and Ex-Servicemen Entrepreneurs)</th></tr>
<tr><td>Exemption from Stamp Duty for MSMEs</td><td colspan="2">Exemption from stamp duty and concessional registration charges:

Stamp duty to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Financial Corporation, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks, Khadi and Village Industries Board, Khadi and Village Industries Commission, Karnataka State SC/ST Development Corporation, Karnataka State Minority Development Corporation and other institutions which may be notified by the Government from time to time for the initial period of five years only and for lease deeds, lease-cum-sale, sub- lease and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements, flatted factories by Karnataka Industrial Areas Development Board, Karnataka State Small scale Industries Development Corporation, KEONICS, Industrial Co-operatives, approved private industrial estates/parks, food parks, SPV formed by GoK / GoI and other approved industrial parks shall be exempted as below:</td></tr>
<tr><td></td><td>Zone 1 : 100%
Zone 2 : 100%
Zone 3 : NIL</td><td>Zone 1 : 100%
Zone 2 : 100%
Zone 3 : 75%</td></tr>
<tr><td>Concessional Registration Charges for MSMEs</td><td>Zone 1, Zone 2: INR 1/- per INR 1,000/-

Zone 3 : Nil</td><td>All Zones: INR 1/- per INR 1,000/-</td></tr>
<tr><td></td><td colspan="2">Note:
i. The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act, 1961 and also for direct purchase of industrially converted lands for the projects approved by SLSWCC / DLSWCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.
ii. The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum-sale deed.</td></tr>
<tr><td>Reimbursement of Land Conversion Fee for MSMEs</td><td>Zone 1 : 100%
Zone 2 : 100%
Zone 3 : NIL</td><td>Zone 1 : 100%
Zone 2 : 100%
Zone 3 : 75%</td></tr>
<tr><td>Exemption from Tax on Electricity Tariff for MSMEs</td><td>Zone 1 : 100% for 7 years
Zone 2 : 100% for 6 years
Zone 3 : NIL</td><td>Zone 1 : 100% for 8 years
Zone 2 : 100% for 7 years
Zone 3 : 100% for 4 years</td></tr>
<tr><td>Power Subsidy for Micro and Small enterprises</td><td colspan="2">For Zone 1 & 2 only

Reimbursement of cost of power paid at INR 1.00/- per unit consumed for a period of 3 years.</td></tr>
<tr><td>Support to Artisans</td><td colspan="2">i. Term loan and working capital credit at 4% interest rate to the artisans.
ii. 10% Market Development Assistance (MDA) on turnover of handicraft products by artisans.
iii. 75% of grant for machineries and tools for artisan associations, craft complexes, clusters, etc.</td></tr>
</table>

Table 9.1.2

Technology Adoption & Innovation for MSMEs		
	General Category	**Special Category** (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Interest Subsidy on Technology Up-gradation Loan	Zone 1 : 5% for 6 years * Zone 2 : 5% for 5 years * Zone 3 : 5% for 5 years * * *on loans availed from KSFC & Scheduled Commercial Banks which are not covered under CLCSS of Government of India*	Zone 1 : 5% for 6 years* Zone 2 : 5% for 5 years* Zone 3 : 5% for 5 years* * *on loans availed from KSFC and Scheduled Commercial Banks which are not covered under CLCSS of Government of India*
Technology Adoption	**For All Zones** **25%** of cost (max. **INR 50,000/-**) for adopting technology from recognized national laboratories as stated in Annexure 8.	**For All Zones** **50%** of cost (max. **INR 1,00,000/-**) for adopting technology from recognized national laboratories as stated in Annexure 8.
Technology Business Incubation Centre (TBIC)	**For All Zones** **25%** of the cost of incubation centre (max. **INR 50.00 lakh**) *(Minimum 1 TBIC in Zone 1)*	**For All Zones** **50%** of the cost of incubation centre (max. **INR 60.00 lakh**) *(Minimum 1 TBIC in Zone 1)*
Incentives for Quality Certification	**For All Zones** **ISO Series Certification**: **75%** of cost (max. **INR 75,000/-**) **BIS Certification: 50%** of fees payable to BIS for certification (max. **INR 20,000/-**) & 25% of cost (max. **INR 50,000/-**) for purchase of testing equipment as approved by BIS.	**For All Zones** **ISO Series Certification**: **75%** of cost (max. **INR 1,00,000/-**) **BIS Certification**: **50%** of fees payable to BIS for certification (max. **INR 25,000/-**) & 25% of cost (max. **INR 1,00,000/-**) for purchase of testing equipment as approved by BIS. WeConnect
	WEConnect certification for Women owned Business Enterprises (WBEs) **For All Zones** For a period of 3 years maximum limit Rs. 75,000/- *100% of certification fees for the 1st year – max INR 30,000/-.* *90% of certification fees for the 2nd year – max INR 27,000/-* *80% of certification fees for the 3rd year – max INR 18,000/-*	

Table 9.1.3

Sustainability and Responsible Industrialization by MSMEs		
Type of Support	**General Category**	**Special Category** (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
Rain Water Harvesting	**For All Zones** **50%** of cost of equipment (max. **INR 2.00 lakh**)	**For All Zones** **75%** of cost of equipment (max. **INR 2.50 lakh**)
Waste Water Recycling	**For All Zones** **50%** of cost of equipment (max. **INR 7.50 Lakh**)	**For All Zones** **75%** of cost of equipment (max. **INR 8.50 Lakh**)
Reimbursement of expenses incurred for Water Audit	**For All Zones** **75%** subject to max. of **INR 1.00 Lakh** each for water audit (one time)	**For All Zones** **75%** subject to max. of **INR 1.00 Lakh** each for water audit(one time)
Zero Discharge	**For All Zones** **50%** of cost of equipment (max. **INR 7.50 Lakh**)	**For All Zones** **75%** of cost of equipment (max. **INR 8.50 Lakh**)
Recycling of electronic waste and	**For All Zones** **5%** of VFA (max. **INR 10.00 Lakh**)	**For All Zones** **5%** of VFA (max. **INR 12.00 Lakh**)

Sustainability and Responsible Industrialization by MSMEs		
Type of Support	**General Category**	**Special Category** (SC/ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs)
plastic waste		
Subsidy for setting up ETP	**For All Zones** **50%** of cost of ETP (max. **INR 50.00 Lakh**)	**For All Zones** **75%** of cost of equipment (max. **INR 60.00 Lakh**)

9.2 Incentives and Concessions for Large, Mega, Ultra Mega and Super Mega Enterprises

The details of standard package of incentives and concessions offered for establishment of Industries under Large, Mega, Ultra Mega, Super Mega category of enterprises are as under:

Table 9.2.1

Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	**For all Categories**
Exemption from Stamp Duty	**Exemption from stamp duty and concessional registration charges:** Stamp duty to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government including VAT/SGST loan from Department and / or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks and other institutions which may be notified by the Government from time to time for the initial period of five years only and for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements by Karnataka Industrial Areas Development Board, KSIIDC, KEONICS, Industrial Co-operatives, approved private industrial estates/parks, food parks, SPV formed by GoK / GoI and other approved industrial parks shall be exempted as below: Zone 1 : 100% Zone 2 : 75% Zone 3 : **Nil**
Concessional Registration Charges	Zones 1, Zone 2: **INR 1/-** per **INR 1,000/-** Zone 3 : **Nil**
	Note: *i. The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act, 1961 and also for direct purchase of industrially converted lands for the projects approved by SLSWCC / SHLCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.* *ii. The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum-sale deed.* *iii. CETP / Industrial Hazardous waste disposal projects set up by private investors to support these industries will be eligible for 100% exemption from stamp duty and concessional registration charges of INR 1/- per INR 1,000/- in all zones.* *iv. Lands transferred by KIADB to KSSIDC for development of industrial estates will be eligible for 100% exemption from stamp duty and concessional registration charges of INR 1/- per INR 1,000/- in all zones.*
Reimbursement of Land Conversion Fee	Zone 1 : 100% Zone 2 : 100% Zone 3 : NIL
Subsidy for setting up Effluent	One-time capital subsidy up to **50%** of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of **INR 250 Lakh** for all zones

Large, Mega, Ultra Mega and Super Mega Enterprises	
Type of Support	**For all Categories**
Treatment Plant (ETP)	
Subsidy for setting up Common Effluent Treatment Plant (CETP) / Industrial Hazardous waste disposal projects by a private investor	One-time capital subsidy up to **50%** of the cost of Common Effluent Treatment Plant (CETP) / Industrial Hazardous waste disposal projects subject to a ceiling of **INR 500 Lakh** per project in all zones.
Investment Subsidy for Anchor Industries	To encourage investments in taluks where there are no industries with investments above **INR 100 crore** and direct employment of **75 persons**. Investment Subsidy of **INR 10.00 crore** in Zone 1 and INR **7.00 crore** in Zone 2.

Investment Promotion Subsidy based on Turnover for Large, Mega, Ultra Mega and Super Mega Enterprises

Investment range on fixed assets	Reimbursement based on Turnover
Large Enterprises: *(i.e. enterprises which are not classified as Medium Enterprises but have investments on fixed assets* of up *to* INR *250 crore)* Minimum direct Employment 50 Number for first INR 50 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.	Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Zone	Turnover percentage	Maximum Period	VFA Limit
1	2.25%	7	45 % of VFA
2		6	40 % of VFA
3	NIL		

Mega Enterprises: *(i.e. investment on fixed assets above INR 250 crore to INR 500 crore)* Minimum direct Employment 200 Number for first INR 250 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.	Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Zone	Turnover percentage	Maximum Period	VFA Limit
1	2.00%	8	50 % of VFA
2		7	45 % of VFA
3	NIL		

Ultra Mega Enterprises: *(i.e. investment on fixed assets above INR 500 crore to INR 1,000 crore)* Minimum direct Employment 400 Number for first INR 500 crore & additional 35 employment for every additional investment of INR 50 crore proportionately.	Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Zone	Turnover percentage	Maximum Period	VFA Limit
1	1.85%	9	55 % of VFA
2		8	50 % of VFA
3	NIL		

Super Mega Enterprises: *(i.e. investment on fixed assets above INR 1,000 crore***)** Minimum direct Employment 750 Number for first INR 1,000 crore & additional 35 employment for every additional investment of INR 100 crore proportionately.	Investment Promotion Subsidy based on turnover from the date of commencement of commercial production as follows

Zone	Turnover percentage	Maximum Period	VFA Limit
1	1.75%	10	60 % of VFA
2		9	55 % of VFA
3	NIL		

Note:

Enterprises can avail an investment promotion subsidy to an extent of percentage of the turnover in each financial year for a maximum period as above from the date of commercial production. Such cumulative investment promotion subsidy availed will be limited to either the period or VFA limits whichever is reached earlier and no carry forward is permitted.

Enterprises requiring lower employment / Enterprises which are unable to provide employment proportionate to investment as stipulated will have a lower turnover percentage in proportion to the total employment provided. However, the maximum period and VFA limit will be as above.

9.3 Incentives and Concessions for Private Industrial Parks

Karnataka is keen on further expanding the existing industrial base by facilitating investors to set up Private Industrial Parks. Eligible Private Industrial Parks shall be granted the following standard package of incentives and concessions during the policy period:

Table 9.3.1

Private Industrial Parks – Developer	
Type of Support	**For all Categories**
Exemption from Stamp Duty & Concessional Registration Charges	Stamp Duty to be paid shall be exempted and concessional registration charges rate of INR 1/- per INR 1,000/- in respect of loan agreements and for lease deeds, lease-cum-sale deeds, absolute sale deeds executed by Developer in respect of lands purchased for development of private industrial parks in all Zones.
Subsidy for setting up Common Effluent Treatment Plant (CETP) / Industrial Hazardous waste disposal projects.	One-time capital subsidy up to **50%** of the cost of Common Effluent Treatment Plant (CETP) subject to a ceiling of **INR 500 Lakh** in all Zones.
Capital Subsidy for Setting up STP	One-time capital subsidy up to **50%** of the cost of Secondary Treatment Plants (STPs), subject to a ceiling of **INR 1.00 crore** in all Zones
Additional Incentives to Micro & Small Units Established within Private Industrial Parks over and above the standard package of incentives and concessions for MSMEs	
Land Subsidy	Special land subsidy to micro & small enterprises in private industrial areas/ parks/ estates/ flatted factories at the rate of **25%** of guidance value limiting to maximum extent of up to **1** acre in Zones 1 & 2 only. In such cases land value shall not be considered under the Value of Fixed Assets (VFA) for sanction of any other incentives linked to VFA.
Water Charges	Subsidy on water charges for tertiary treated water used by micro and small enterprises established within the private industrial areas/ parks/ estates/ flatted factories shall be available for the initial **5** years of operation of the individual enterprise at the rate of **INR15/-** per unit of water (KLD) used in case of establishment of tertiary treatment facilities within / outside the private industrial areas/ parks/ estates/ flatted factories and supplied to such enterprises by the developer
CETP Charges	To enable continuous usage of CETP, a subsidy on user charges of CETP at the rate of **INR 15/-** per unit of effluent discharge treated shall be available to micro and small enterprises for the initial **5** years of operation of the enterprise
Investment Promotion Subsidy to Private Industrial Parks including International Industrial Park	
Investment Promotion Subsidy	**5%** of eligible fixed capital investment on building and infrastructure facilities in all Zones.

9.4 Additional Package of Incentives and Concessions

Eligible Industrial Enterprises in the below mentioned sectors shall be granted incentives and concessions over and above the standard package of incentives /concessions mentioned in the policy.

Table 9.4.1

Export Industries	
Type of Support	**For all Categories**
Electricity Tax Exemption	100% Electricity Tax exemption for new MSME Export Enterprises *(Minimum 50% of the turnover should be in exports)* for an initial period of **5** year in Zone-3.
Performance Subsidy	MSME Enterprises who double their exports in subsequent years will be paid 1% of FOB value to the tune of maximum of **INR 10.00 lakh** per unit in all Zones.
Bank Charges	Reimbursement of Bank charges on production of EBRC for all exports from MSME sector in all Zones subject to maximum of **INR 1.00 lakh** per unit.
ECGC Charges	Reimbursement of ECGC charges for MSMEs to an extent of 100% maximum of **INR 1.00** lakh per unit per year in all Zones.
Certification Charges	Refund of certification charges incurred for obtaining statutory certifications like CE, China compulsory certificate (CCC), GMP, Phytosanitary certificates, IFS-BRC-FSSC 22000 Certification to the extent of **50%** of expenses subject to maximum of **INR 1.00 Lakh** per unit in all Zones.
Fees for Acquiring Certification	Refund of fees for individual entrepreneurs for acquiring certification on EXPORT-IMPORT Management course conducted by II, New Delhi or any other recognized institutions for a minimum duration of 4 months shall be reimbursed to the extent of **50%** of fees subject to a ceiling of **INR 25,000** per candidate per course. The incentive will be available only for one time and for one course in the policy period in all Zones subject to maximum of **INR 1.00 lakh** per unit.

Table 9.4.2

Pharmaceutical Industry	
Type of Support	**For all Categories**
Establishment of Pharma Park	Common testing laboratory, cold storage & warehousing – one-time capital subsidy up to **50%** of the total cost subject to a ceiling of **INR 5.00 crore** and remaining **50%** from the stakeholders / developer in Zones 1 & 2 only.
Clinical Trials	An annual incentive up to **20%** of expenditure towards clinical trials for bio availability and bio-equivalence subject to a maximum of **INR 1.00 crore** per clinical trial in Zones 1 & 2 only.

Table 9.4.3

Medical Devices Manufacturing Industry	
Type of Support	**For all Categories**
Establishment of Medical Devices Park	Common facilities, calibration, testing, quality control, waste management, etc. – one-time capital subsidy up to **50%** of the total cost subject to a ceiling of **INR 5.00 crore** and remaining **50%** from the stakeholders / developer in all Zones.

9.5 Support to Skill Development

Table 9.5.1

Skill Development	
Type of Support	**For all Categories**
Institutional Tie-Ups for Advanced Sector Specific Skilling	Institutional tie-ups/Vocational Training Institutes for sector specific advanced skilling & up-skilling coming up in all Zones through industry associations will be eligible for a **50** per cent capital subsidy on cost of equipment and machinery limited to **INR 15.00 Lakh.** State will also play the role of a facilitator, if required. This capital subsidy will be available only to **2** units per year during the policy period.
On the Job Training	On the Job Training: A scheme would be formulated to provide on the job training to **2,000** ITI passed candidates each year to increase the employability of the candidates. It is proposed to give stipend to the extent of **50%** of salary paid by the Industry subject to ceiling of **INR 7,000 pm** per candidate. This incentive would be extended up to **6** months of on the job training.
Entrepreneurship Development Programmes	Entrepreneurship development and management programmes, sector specific skilling programmes, hands-on training, mentoring will be conducted by DICs to promote new generation entrepreneurs and start-ups.
Artisan Training Institutes	Existing Artisan Training Institutes (ATIs) will be utilized on PPP mode for skill enhancement. Industry, industry associations and private players will be encouraged to actively participate in designing curriculum and standards for skill training courses, depute their industry members as faculty and make shop floor available for practical training if required.
Artisan Training Beneficiary Stipend	Support towards training cost would be **INR 10,000** per month for a maximum duration of **3- 6** months for Artisans in recognized Artisan Clusters.

9.6 General

Table 9.6.1- Support to Research & Development

Research & Development	
Type of Support	**All Categories**
Capital Subsidy for supporting R&D	Exclusive R&D centers coming up in **all Zones** through industry / industry associations supporting MSMEs will be eligible for a **50%** subsidy on equipment/ machinery limited to **INR 500.00 Lakh**. Available only to the first **3 R&D centres** in each of the respective sectors viz. Automotive & Auto Components; Pharmaceuticals; Medical Devices; Engineering & Machine Tools during the policy period. *(Minimum 1 R&D centre in Zone 1)*

Table 9.6.2- Support to Industry 4.0

Industry 4.0	
Type of Support	**All Categories**
Centre of Excellence	Centre of Excellence for Industry 4.0 shall be setup in the State with the help of industry associations, institutes having requisite capacity and any leading academic technical institution of the State. The State will provide a grant of **INR 100 crore** for CoE at Bengaluru and its Regional Centres, subject to the condition that such CoE use only existing building/s and taking up of new construction will not be considered.
Capital Subsidy for supporting Direct Digital Manufacturing	Capital subsidy of **50%** limited to **INR 500 lakh** per centre for the first **five** units in the State with the help of industry associations / institutes having requisite capacity during the policy period. These common facilities will be housed and managed by industry association / institutes on pay-per-use basis & will act as a repositories.

Table 9.6.3- Support to Intellectual Property Rights (IPR)

Intellectual Property Rights (IPR)	
Type of Support	**For all Categories**
Financial Assistance to establish IP Cells and Technology Transfer Centers	One Time grant of **50%**, not exceeding **INR 5.00 Lakh**, on expenditure incurred in establishment of IP Cells and Technology Transfer Centers (TTCs) at recognized Educational Institutions, Universities and other such Centers identified by the Commerce and Industries Department. *(Minimum 1 IP Cells and Technology Transfer Centers in Zone 1)*
Assistance to establish IP Promotion & Facilitation Hubs	One Time grant of **50%**, not exceeding **INR 10.00 Lakh**, on expenditure incurred in establishment of IP Promotion & Facilitation Hubs at Trade Bodies, Industry Associations recognized by the Commerce and Industries Department.(Minimum 1 IP Promotion & Facilitation Hubs in Zone 1)
Incentive for filing a Patent/ Invention	Expenditure incurred for filing of a Non-Provisional Patent Application will be subsidized to an extent of **75%** & not exceeding **INR 1.00 Lakh** for each application
Geographical Indication	Support for GI is covered under the GI Policy issued vide G.O Nos. CI / 65 / SSI / 2018 dtd. 18/05/2019 & 19/07/2016

Table 9.6.4- Support to Healthcare Enterprises

Healthcare Enterprises	
Type of Support	**For all Categories**
Encouragement for waste management practices	One-time capital subsidy up to **50%** of the cost of the bio medical waste management systems *(sterilizers etc.,)* for all zones subject to a ceiling of **INR 2.50 crore** for Large Enterprises and **INR 50.00 lakh** for MSMEs.

10

Ease of Doing Business

10 Ease of Doing Business

Karnataka presents huge potential towards attracting investments across sectors with unique and investor friendly policies & schemes. Government is extremely proactive in improving the “Ease of Doing Business” climate in the State by introducing various initiatives. A series of administrative reforms have significantly improved the business sentiment in the State.

10.1 Simplifying Single Window Clearance Mechanism

Strong emphasis on ‘Ease of Doing Business’ has led to a transformational path for the State. Government has introduced various initiatives in easing out “Doing Business” in the State. Karnataka is the first State to bring out the Karnataka Industries (Facilitation) Act, 2002 and constituted the Single Window Clearance Mechanism at District Level and State Level for approvals of all investment proposals. Government has been successful in simplifying the procedures and fast tracking the approvals along with providing effective investor facilitation for the investors to invest in Karnataka through the single window system. The major Ease of Doing Business initiatives implemented by the Government are listed in Annexure 9.

10.1.1. Integrated Digital Single Window System

With an aim to make ‘doing business easier and smarter’, Government of Karnataka has restructured its single window system to increase transparency and efficiency of the Government regulatory functions and services and to reduce regulatory hurdles. The existing e-Udyami module is being upgraded to an “integrated digital single window system” which will act as the single touch point facilitating the required approvals from the concerned departments/ agencies. The end to end integrated digital system mechanism would consider the following aspects: investor facilitation; integration with line departments; efficient monitoring mechanism from investor and department perspective and robust grievance redressal system.

The remodeled integrated digital single window system in Karnataka would consist of the following:

i. Common Application Form (CAF)
ii. Online approval based on Investor profile and CAF
iii. Integration of KUM website with other departmental websites
iv. Effective and user-friendly screen navigations to enable quick and faster extraction of data
v. Platform independent application and digital signatures
vi. Document management system for both applicant and officials for storage and dissemination
vii. Centralized application tracking for online services
viii. Comprehensive MIS reports/Dashboard
ix. Query management and grievances redressal mechanism

Karnataka Udyoga Mitra (KUM) will be broad based in line with the above.

10.2 Simplification of regulatory processes & procedures

Amid the changing landscape of doing business in Karnataka, the State's regulatory landscape for business is a key pre-requisite for facilitating investments through fast track mode in the State. Simplification and re-engineering of regulatory processes and procedures will be undertaken by Government to reduce time & cost of compliance to Government procedures for industrial investments.

10.2.1.Process Re-engineering for Effective Implementation

Government has implemented various reforms across departments to simplify and streamline the regulatory processes and procedures. The major department wise reforms implemented to ease 'doing business' in the State is listed in Annexure 9. Government will further amend its regulatory framework where procedural impediments at the entry and implementation level will be removed along with reducing maintenance and submission of repetitive documents during the operational level.

10.2.1.1 Karnataka Industries (Facilitation) Act 2002

Facilitation to the industry has been the prime focus in Karnataka. The State introduced *"The Karnataka Industries (Facilitation) Act, 2002"* to facilitate new investments and simplify the regulatory framework. Further requisite amendments in the Act have been made for the manufacturing enterprises for exemption of certain approvals for setting up of industry for an initial period of 3 years.

10.2.1.2 Trade Licenses- Auto-renewal for trade licenses will be introduced under The Karnataka Municipal Corporation Act, 1976 & The Karnataka Municipalities Act, 1964. Necessary circular no RDPR 481 RPR 2016 dtd 27/02/2018 has already been issued that no renewal is required under The Karnataka Panchayat Raj Act, 1993.

10.2.1.3 Uniform Property Tax Guidelines- Rural Development and Panchayat Raj Department will evolve uniform guidelines to fix property tax, development cess, etc. for industrial units in industrial areas / estates.

10.2.1.4 Property Tax Slab- Government shall propose a separate property tax slab for industries.

10.2.2.Document Management System

Government is in the process of rationalizing the documents required for getting various approvals by creating a Document Management System (DMS). In the upgraded system there would be a "Digi-Locker" for each applicant which would act as a document repository for all the approvals, documents and other details of the applicants. The DMS will have system based checks and balances which will allow the investor to upload the documents only once in a lifecycle hence avoiding uploading of the same document repeatedly. There would also be a provision for retrieving the documents.

10.2.3.Reduction of Timelines

All the requisite services are now under the purview of SAKALA to ensure the timelines are being followed. In addition, these timelines are being reviewed for further reduction.

11

Administration of the Policy

11 Administration of the Policy

11.1 Review and Monitoring Committee

A High-Level Review and Monitoring Committee under the Chairmanship of ACS/Principal Secretary to Government, Commerce and Industries Department with ACS/Principal Secretaries/Secretaries of line departments will be constituted to monitor the progress of implementation of all the provisions of the policy regularly. This Committee will ensure timely issue of enabling Government Orders by various departments in relation to the policy. The Committee will put in place a suitable mechanism that ensures speed and transparency for disbursal of incentives. The Committee will recommend mid-course corrections, if any, for smooth implementation of the Policy. The Committee will also bring out half yearly reports indicating the progress in implementation of the Policy.

This Committee will be assisted by a Policy Implementation Cell headed by Commissioner (ID) and members such as Director (MSME), Additional Director (P&P) (Member Convener), two representatives from State Level Industrial Associations (President) and one representative from National Level Industrial Association (President). This cell will have requisite staff and resources to conduct research, undertake studies, surveys, etc. & to assess impact of policy initiatives and provide relevant feedback regarding the policy and its implementation.

11.2 State Level Co-ordination Committee (SLCC)

A State Level Co-ordination Committee (SLCC) under the Chairmanship of ACS/Principal Secretary to Government, Commerce and Industries Department and Commissioner (ID) as the Member Convener and line department officers as members will be constituted to address any ambiguity that arises in the New Industrial Policy, it shall be the authority to interpret the policy measures, incentives & concessions detailed in this policy *(including those in previous policies wherever applicable)* and its decision shall be final.

Separate operational guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies and officers with the approval of the State Level Coordination Committee.

Annexure 1

Definitions

1. As per the MSMED Act, 2006, **MSMEs** have been defined as follows:

   - **Micro Enterprises-** Investment in Plant and Machinery or Equipment does not exceed INR 1 crore and turnover does not exceed INR 5 crore.
   - **Small Enterprises-** Investment in Plant and Machinery or Equipment does not exceed INR 10 crore and turnover does not exceed INR 50 crore.
   - **Medium Enterprises -** Investment in Plant and Machinery or Equipment does not exceed INR 50 crore and turnover does not exceed INR 250 crore.

2. **Large Enterprise:** An Industrial Unit which is not classified as Medium Enterprise and with an investment in fixed assets up to INR 250 crore shall be classified as large-scale enterprise.

3. **Mega Enterprise:** Projects with an investment in fixed assets above INR 250 crore and up to INR 500 crore

4. **Ultra-Mega Enterprise:** Projects with an investment in fixed assets above INR 500 crore and up to INR 1,000 crore

5. **Super-Mega Enterprise:** Projects with an investment in fixed assets above INR 1,000 crore

6. **New Project:** New project shall mean unit which undertake to invest on fixed assets on or after the announcement of this Policy. This will include the unit which have taken effective steps on or before the announcement of this Policy and could not fulfill the conditions stipulated for qualifying as pipeline unit under Industrial Policy 2014-2019.

7. **Exporter:** means a unit/enterprise that exports more than 50% of its production and holds an IEC (Importer Exporter Code) number, unless otherwise specifically exempted.

8. **IEC (importer Exporter Code) number**: is a 10 digit code number given to an exporter or importer by the regional office of the Director General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India.

9. **100% Export Oriented Enterprises [Export Oriented Enterprises]:** A 100% export-oriented enterprise is an industrial enterprise offering for export its entire production, excluding the permitted levels by Government of India from time to time of domestic tariff area sales for manufacture of goods, including repair, re-making, reconditioning, re-engineering and rendering of services. Such Enterprises may be set up either under the Export Oriented Enterprises or under EPIP [Export Promotion Industrial Park] Scheme or under the EHTP [Electronic Hardware Technology Park] Scheme or Software Technology Park Scheme or Special Economic Zone.

10. **Value of Eligible Fixed Asset (VFA):** Value of Eligible Fixed Assets (VFA) shall mean the total investment made on land, building and plant and machinery including R&D equipment and such other productive assets like tools, jigs & fixtures, dyes, utilities like boilers, compressors, DG Sets, cranes, material handling equipment and such other equipment directly related to production purposes.

11. **Special Category Units:** Units established exclusively by an SC/ ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs as a proprietary concern or all the partners or directors

of the partnership firm / Co-operative Society/Private limited companies or any other legal entity belonging to above mentioned categories respectively.

12. **Employment:** Direct Employment shall mean employees who are on the rolls of the respective companies which will include contract labour engaged in production line. It will, however, not include casual labour. The percentage of contract labour engaged should not exceed 40% of total labour force.

13. **Anchor Industry:** The first two manufacturing enterprises in a taluk providing a minimum direct employment of 75 persons with a minimum investment of INR 100 crore are called as Anchor Industries. The definition applies to taluks where no such industry exists at present.

14. **Date of Commercial Production:** Date of issue of first sale invoice after trial production either by a new unit or after expansion/diversification/modernisation.

15. **Expansion:** New manufacturing facilities set up by an existing enterprise within the existing facility or in a new site or in an adjacent vacant site for manufacturing a product which is already being manufactured with / without up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under expansion program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the expanded enterprise, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

16. **Diversification:** New manufacturing facilities set up by an existing enterprise within the existing facility or in a new site or in an adjacent vacant site for manufacturing a totally new product with / without up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under diversification program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the diversification program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

17. **Modernisation:** Modernisation of existing machinery or adding modernised machinery to an existing facility with up-gradation of technology or the process. Further, the enterprise to be eligible for incentives under modernization program has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the modernization program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

18. **Turnover:** The aggregate value of the realisation of amount made from the sale of manufactured goods by the company / enterprise during a financial year.

    Income from other sources (*non-operating activities)* like interest received, grants or subsidies, trading activity, resale of products / goods will not be counted under turnover.

Annexure 2

Terms & Conditions for extending Incentives and Concessions

a) The Industrial Policy 2020-25 will come into force from the date of issue of enabling Government Order and will be valid for a period of five years or till a new policy is announced. Once the new Industrial Policy 2020-25 comes into operation the Industrial Policy 2014-19 stands withdrawn. However, Enterprises which have been sanctioned and have partly availed incentives and concessions under earlier policies shall continue to enjoy those benefits as per respective sanction orders.

b) The applicability of the Industrial Policy 2014-19 or Industrial Policy 2020-25 for the Projects which are under implementation (pipeline projects) at the time of announcement of Industrial Policy 2020-25 is decided as follows:

(i) Projects/Enterprises cleared through District level, State Level and State High Level Clearance Committee during the 2014-19 Policy period and if they have availed any of the incentives and concessions for the project as per 2014-19 policy are eligible to avail other incentives and concessions under 2014-19 policy only.

(ii) If any enterprise has taken all the following effective steps before the date of issue of Government Order of the new industrial policy 2020-25, then the unit shall avail incentives as per policy 2014-19 only.

1. *Date of entering lease or sale agreement of the premises (either land or building)*
2. *Date on which possession certificate of the plot or shed is taken from KIADB/KSSIDC or any other agency*
3. *Date of approval of building plan by competent authority*
4. *Date of release of first instalment of loan from Financial Institution /Bank*
5. *Date of placement of first purchase order for plant and machinery*

(iii) If any enterprise has not taken above all effective steps and not availed any incentives and concessions during the 2014-19 policy period, they shall avail incentives as per Industrial Policy 2020-25 only.

b) Clause (c) in Annexure 3A of the Industrial Policy 2014-19 had expressly mentioned that the units shall commence commercial production before 31/08/2017 failing which their eligibility to avail incentives as per Industrial Policy 2009-14 will lapse. They will not be eligible to claim incentives either under Industrial Policy 2014-19. It is clarified that the clause is now modified and these units under implementation (pipeline projects) will be eligible to claim incentives and concessions under respective Industrial Policy as per clause (b) in Annexure 3A of the Industrial Policy 2014-19.

c) Incentives and concessions under this policy will be available to all new and additional investments made during the policy period for establishment of new enterprises and expansion / diversification / modernisation.

d) Incentives and concessions under this policy shall primarily be available only for Manufacturing Enterprises / Industries and specified categories of service enterprises as listed in **Annexure 3.**

e) Stamp duty exemption and Exemption on tax on electricity tariff as per the 2020-25 Policy will come in to effect only after the issue of enabling notifications by Revenue and Energy departments respectively.

f) Irrespective of the location / industrial activities, enterprises as listed in Annexure 4 will not be eligible for any incentives and concessions. However, considering their contribution to environment, eligible subsidy will be extended to new investments made on establishing of ETPs.

g) Enterprises can avail incentives and concessions under any one policy of the State. i.e., Enterprises availing incentives and concessions under Industrial Policy 2020-2025 will not have a choice to avail partly in the Industrial Policy 2020-2025 and partly in any other Policy of the State in vogue and vice-versa, unless otherwise specified by the Government.

h) Eligible MSMEs shall commence commercial production within 3 years from the date of approval from the DLSWCC / SLSWCC. If any enterprise who has not taken approval from the DLSWCC / SLSWCC for their project for any reason shall commence commercial production within 3 years from the date of taking possession of land / building or taking building plan approval.

i) Eligible MSMEs shall submit application for sanction of Investment Promotion subsidy within one year from the date of commencement of commercial production.

j) Commerce and Industries Department will prescribe a standard format for a certificate to be issued by Financial Institutions / Commercial Banks / Charted Accountants keeping in view the definition of fixed assets, intangible assets and the assets not eligible for sanction of incentives and concessions.

k) While calculating the value of eligible fixed assets created during expansion / diversification / modernization of an enterprise only additional new investments shall be considered.

l) Micro, Small and Medium Enterprises (MSME) have been classified based on investment in plant & machinery or equipment & turnover as per the MSMED Act, 2006.

m) The incentives and concessions under this policy will reckon these definitions of MSME and shall automatically stand revised to the revision made by Government of India from time to time and eligible incentives and concessions will be as per new definition from the date of change in the definitions, subject to enabling orders issued by the State Government.

n) **Turnover Related Incentives for Micro, Small & Medium Enterprises:**

   i. Investment Promotion Subsidy on a specified percentage of turnover will be provided based on the location and investments made for a fixed period or value of the fixed assets as specified in table 9.1.1

ii. *Eligible enterprise shall have to obtain a separate registration under GST Act for manufacturing of eligible products only & only this turnover will be considered for Investment promotion subsidy.*

iii. *The eligible enterprise shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products. If carried out, this turnover will not be eligible for availing Investment promotion subsidy.*

iv. *Resale of products / goods by the eligible unit will not be considered for turnover incentives.*

v. *If the eligible enterprise is already manufacturing the same product in one or more existing industrial enterprises in Karnataka, then the turnover of all such existing industrial units of the same products for five consecutive years commencing from the year from which the industrial undertaking avails incentives under this policy shall not be lower than the average turnover of the same product in the immediately preceding three financial year from the year the industrial undertaking avails incentives under this policy.*

vi. *Incentive will be provided only to the new investments.*

vii. *Enterprises undertaking only job work, combination of job work and manufacturing, enterprises under composite tax scheme & Enterprises engaged in manufacturing / job work of zero GST products, eligible service enterprises, the mode of computation of turnover / availment of investment promotion subsidy will be detailed in the operation guidelines.*

o) Further an industrial enterprise which is not classified as Micro, Small and Medium Enterprise, the State Government has defined as Large Enterprise, Mega Enterprise, Ultra-Mega Enterprise and Super-Mega Enterprise based on the investment.

p) The incentives and concessions under this policy will reckon these definitions of Large Enterprise, Mega Enterprise, Ultra-Mega Enterprise and Super-Mega Enterprise and shall automatically stand revised to the revision made by the State Government from time to time and eligible incentives and concessions will be as per the new definition from the respective date of change in the definitions.

q) Turnover Related Incentives for Large Enterprise, Mega Enterprise, Ultra-Mega Enterprise and Super-Mega Enterprise:

i. *Investment Promotion Subsidy on a specified percentage of turnover will be provided based on the location and investments made for a fixed period or value of the fixed assets as specified in table 9.2.1*

ii. *Eligible enterprise shall have to obtain a separate registration under GST Act for manufacturing of eligible products only & only this turnover will be considered for Investment Promotion Subsidy.*

iii. *The eligible enterprise shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products. If carried out, this turnover will not be eligible for Investment promotion subsidy.*

iv. *Resale of products / goods by the eligible enterprise will not be considered for turnover incentives.*

v. *If the eligible enterprise is already manufacturing the same product in one or more existing industrial enterprise in Karnataka, then the turnover of all such existing industrial enterprises of the same products for five consecutive years commencing from the year from which the industrial undertaking avails incentives under this policy shall not be lower than the average turnover of the same product in the immediately preceding three financial year from the year the industrial undertaking avails incentives under this policy.*

vi. *Incentive will be provided only to the new investments.*

vii. *Investment made within a period of maximum five years from commencement of the project implementation will be considered to determine the quantum of VFA.*

viii. *If any ambiguity or clarification required for computing turnover, the same will be clarified by the State Level Co-ordination Committee and its decision shall be final.*

r) For Ultra-Mega Enterprise and Super-Mega Enterprise where SHLCC approves investments to be made in phases, the turnover related incentive will commence from the date of commencement of commercial production in the first phase and these incentives will be proportionate to the investments in the first phase and will automatically graduate to the next level depending on the actual investments made.

s) Employment Criteria for enterprises availing incentives and concessions under Industrial Policy 2020-25 are as follows:

(i) All new industrial investment projects shall create maximum possible direct employment opportunities with a minimum employment of 70% to Kannadigas on an overall basis and 100% in case of Group D employees.

(ii) District Industries Centres will monitor the compliance of employment to Kannadigas for a period of initial 5 years. Failure of the industries to provide employment to Kannadigas as stipulated above will be reported to the concerned DLSWCC/ SLSWCC/ SHLCC which may recommend for recovery of incentives and concessions sanctioned to the unit

t) Enterprises shall comply with the Corporate Social Responsibility (CSR) obligations as per the Section 135 of the Companies Act 2013.

u) Investments made by any existing / new unit / entrepreneur / partnership firm / companies etc on land, building, plant & machinery acquired from any financial institution/ bank under Sec 29 of SFCs Act,

SARFAESI Act, Debt Recovery Tribunal, or any of the acts or any tribunal etc, are not eligible for incentives and concessions under this policy. However, any new investment made for expansion / diversification / modernization by such units, eligible incentives and concessions will be available as per this policy.

v) **Quantum of Incentive for Expansion / Diversification / Modernization**: To be eligible for incentives under expansion / diversification / modernization program, the Enterprise has to increase the installed capacity by at least 25% of the declared capacity or average production during immediate 3 years prior to commencement of the commercial production in the expansion/ diversification / modernization program, whichever is more and has to make an additional investment of at least 25% of the original fixed investment of the existing unit.

The quantum of turnover under expansion / diversification / modernization program eligible for investment promotion subsidy is the incremental increase in the turnover over and above the average turnover during immediate 3 years prior to commencement of the commercial production in the expansion / diversification / modernization program.

w) While calculating the investment promotion subsidy as a percentage of turnover for expansion / diversification / modernization of enterprises, only the new investment made for expansion/ diversification / modernization shall be taken to arrive at the value of fixed assets (VFA).

x) The support to artisans as detailed in Table 9.1.1 will be restricted in proportion to the budgetary support provided in each financial year.

Annexure 3

List of Service Enterprises Eligible for Package of Incentives and Concessions

Applicable to projects approved by DLSWCC / SLSWCC / SHLCC *(Except Micro Enterprises)*.

1. Powder coating / Chrome plating / Industrial Electro plating /Painting Enterprises, Industrial paintings engaged in job work.
2. Weigh bridges set up within the KIADB / KSSIDC industrial areas / estates.
3. Material / Product Testing Laboratory.
4. Off-set printing, digital printing *(excluding digital photo printing, flex printing)*
5. Common Effluent Treatment Plant.
6. Industrial Hazardous waste management facility
7. General Engineering, Fabrication
8. Flour Mill
9. Logistic Facilities supporting to Industries
    - ❖ Dry Ports (ICD/ CFS/ AFS)
    - ❖ Industrial warehousing in Industrial areas / estates (> 50,000 sq.ft of storage area) including material handling equipment (except transport vehicles & goods carriers)
    - ❖ Cold Storages *(> 20,000 sq. ft. of storage area)* facility supporting other than Agro and Food processing industry.
    - ❖ Free Trade Warehouse Zones (FTWZ)

State Level Coordination Committee is empowered to add / delete service activities listed in this Annexure.

Annexure 4

List of Industrial Activities / Enterprises Not Eligible for Incentives and Concessions

1. Breweries & Distilleries of all types excluding winery & ethanol plant established as integral part of sugar industry.
2. Khandasari and Jaggery making enterprises.
3. Photo Studios & Colour Processing and instant photo printing Enterprises.
4. Photo Copying / Xerox Machines / Fax Machines / Data Entry / Data Recovery enterprises.
5. Fertilizer mixing units.
6. All types of Saw Mills excluding manufacture of particle board / Low Density Fiber Board (LDF)/Medium Density FiberBoards(MDF)/High Density Fiber Boards(HDF).
7. Beedies / Cigarettes / Cigars / Gutka & Tobacco based products manufacturing enterprises.
8. Azoic / Reactive Dyes manufacturing enterprises.
9. Fire Cracker manufacturing enterprises.
10. Industries manufacturing Ozone depleting substances.
11. Laundries including Power Laundries.
12. Brick making Enterprises excluding Cement Hollow / Solid Blocks, Wire Cut, Fly Ash Bricks and Refractory Bricks.
13. Poultry including hatcheries.
14. Popcorn and Ice candy making Enterprises excluding Ice Cream Manufacturing.
15. Coffee roasting and grinding units having installed capacity of less than 2MT a day.
16. Clock and Watch / Mobile / Computer and Hardware equipment repair enterprises.
17. Cassette recording [Audio & Video] enterprises.
18. Cyanide Manufacturing enterprises.
19. Mining and Mining Equipment.
20. Lime kiln / burnt lime units.
21. X-ray clinics and clinical / pathological laboratories and scanning, MRI testing enterprises.
22. All industries of mobile nature like rigs, concrete / tar mixing plants / hot-mix plants including site oriented plants / industries.
23. Units engaged in manufacture of Chrysolite Asbestos (White Crystal).
24. All types of Saloon / Spas / Massage Centres, etc.
25. All types of hotels / restaurants / resorts / amusement parks, etc.
26. Vermi compost
27. Roof top solar power generation.
28. Bottling of LPG and other gases.
29. Aggregators/ supply chain business Enterprises related to / supporting bio-fuel manufacturing units

Considering the contribution to environment, eligible subsidy will be extended to new investments made on establishing of ETPs.

Annexure 5

Zonal Classification

The vision statement of this policy is to create an ecosystem for an inclusive, balanced and sustainable development of the State. Focused effort is needed for dispersal of the industries to the industrially backward taluks to realize this vision.

In order to create a strong industrial base with equitable allocation of funds and for overall development of the State, the taluks are grouped based on backwardness in industrial development and region with separate incentives and concessions.

The classification of taluks are as follows:

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
1	**Bengaluru (U)**	5			Anekal
					Bengaluru (N)
					Bengaluru (S)
					Yelahanka
					Bengaluru (E)
2	**Bengaluru (R)**	4			Devanahalli
					Doddaballapura
					Hoskote
					Nelamangala
3	**Ramanagara**	5		Magadi	
				Ramanagara	
				Channapatna	
				Kanakapura	
				Harohalli	
4	**Chitradurga**	6	Holalkere	Hiriyur	
				Chitradurga	
				Challakere	
				Hosadurga	
				Molkalmuru	
5	**Davanagere**	6	Channagiri	Davanagere	
			Jagalur	Harihar	
			Honnali	Nyamati	
6	**Chikkaballapura**	7	Gudibande	Chintamani	
			Bagepalli	Gowribidanur	
			Chickaballapura	Siddlaghatta	
				Cheluru	
7	**Kolar**	6	Srinivasapura	Bangarpet	
				KGF	
				Kolar	
				Malur	
				Mulbagal	

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
8	**Shivamogga**	7	Soraba	Sagar	
			Hosanagara	Thirthahalli	
			Shikaripura	Shivamogga	
				Bhadravathi	
9	**Tumakuru**	10	Madhugiri	Turuvekere	
			Koratagere	Sira	
			Gubbi	Tiptur	
			Pavagada	Kunigal	
			Chikkanayakanahalli	Tumakur	
10	**Chamarajanagar**	5	Yelandur		
			Gundlupet		
			Hanur		
			Chamarajanagar		
			Kollegal		
11	**Chickamagalur**	9		Kadur	
				Mudigere	
				Tarikere	
				Chickamagalur	
				Ajjampur	
				Shringeri	
				Koppa	
				N R Pura	
				Kalasa	
12	**Dakshina Kannada**	9		Bantwal	
				Sulya	
				Belthangadi	
				Puttur	
				Mulki	
				Ullal	
				Moodbidri	
				Kadaba	
				Mangalore	
13	**Hassan**	9	Arakalgud	Alur	
			Belur	C R Patna	
			Arasikere	Shantigrama	
				Hassan	
				H N Pura	
				Sakleshpura	
14	**Kodagu**	5	Madikeri		
			Somwarpet		
			Virajpet		
			Ponnampete		
			Kushalnagar		

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
15	**Mandya**	7		Srirangapatna	
				Pandavapura	
				Mandya	
				Maddur	
				Nagamangala	
				Malavalli	
				K R Pet	
16	**Mysuru**	9		Hunsur	
				K R Nagara	
				Mysuru	
				Nanjangud	
				T N Pura	
				Periyapatna	
				H D Kote	
				Saraguru	
				Saligrama	
17	**Udupi**	7		Karkala	
				Bhramhavara	
				Udupi	
				Kundapura	
				Kapu	
				Hebri	
				Baindur	
18	**Bagalkote**	10	Bilagi		
			Badami		
			Mudhol		
			Jamkhandi		
			Hunagund		
			Guledgudda		
			Rabakavi-Banahatti		
			Terdal		
			Ilkal		
			Bagalkote		
19	**Belagavi**	15	Bailhongal		
			Soundathi		
			Chikkodi		
			Raibag		
			Khanapur		
			Ramdurg		
			Hukkeri		
			Athani		
			Gokak		
			Nippani		
			Kagavadi		

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
			Mudalgi		
			Yaragatti		
			Kittur		
			Belagavi		
20	**Vijayapura**	13	Sindgi		
			Indi		
			Muddebihal		
			B Bagewadi		
			Alamela		
			Babaleshwar		
			Nidagundi		
			Tikota		
			Chedachana		
			Kolhar		
			Devarahipparagi		
			Talikote		
			Vijayapura		
21	**Dharwada**	8	Navalgund		
			Kalghatagi		
			Kundaghol		
			Annigeri		
			Alnavar		
			Hubballi (R)		
			Dharwada		
			Hubballi(U)		
22	**Gadag**	7	Mundargi		
			Nargund		
			Ron		
			Shirahatti		
			Gajendragad		
			Lakshmeshwar		
			Gadag		
23	**Haveri**	8	Savanur		
			Shiggaon		
			Hirekerur		
			Hanagal		
			Ranebennur		
			Byadagi		
			Rattihalli		
			Haveri		
24	**Uttara Kannada**	12	Honnavar		
			Sirsi		

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
			Mundagod		
			Yellapura		
			Siddapura		
			Haliyal		
			Joida		
			Bhatkal		
			Ankola		
			Kumta		
			Dandeli		
			Karwar		
25	**Bellary**	11	H B Halli		
			Hadagalli		
			Kudligi		
			Hospet		
			Sandur		
			Siraguppa		
			Harappana Halli		
			Kurogod		
			Kottur		
			Kampli		
			Bellary		
26	**Bidar**	8	Bhalki		
			Humnabad		
			BasavaKalyana		
			Aurad		
			Chitaguppa		
			Hulusur		
			Kamala Nagar		
			Bidar		
27	**Kalaburagi**	11	Afzalpur		
			Aland		
			Jewargi		
			Sedam		
			Chittapur		
			Chincholi		
			Kalagi		
			Kamalapur		
			Yedrami		
			Shahabad		
			Kalaburagi		
28	**Yadgir**	6	Yadgir		
			Shahapur		
			Shorapur		
			Hunasagi		

Sl. No.	Districts	Total No. of Taluks	Zone 1	Zone 2	Zone 3
			Vadagera		
			Gurumitkal		
29	**Koppal**	7	Kushtagi		
			Yelburga		
			Gangavathi		
			Kukkunur		
			Karatagi		
			Kanakagiri		
			Koppal		
30	**Raichur**	7	Sindhanur		
			Manvi		
			Lingasugur		
			Devadurga		
			Maski		
			Siravara		
			Raichur		
	Total	**239**	**152**	**78**	**9**

Annexure 6

Investment, Employment, Land, Power & Water (Targets & Requirements)

Category	No. of Units	Total Investment in INR- crore.	Total Employment No	Land Requirement (Acres)	Power Requirement (MW)	Water Requirement (MLD)
Micro	190000	19000	1140000	2500	100	25
Small	20000	40000	400000	5000	300	15
Medium	2000	20000	15000	2000	300	50
Large, Mega, Ultra Mega and Super Mega	642	421000	445000	32100	2500	300
Total	**212642**	**500000**	**2000000**	**41600**	**3200**	**390**

Annexure 7

List of Existing Schemes (MSME)

Government of India Schemes

i. **Credit Guarantee Fund Trust Scheme (CGT-MSE):** Guarantee Cover for Collateral-free loans up to INR 2.00 crore.

ii. **Credit linked Capital Subsidy Scheme for Technology Up-gradation (CLCSS):**15% capital subsidy (up to INR 15.00 Lakh) of investment in eligible Plant & Machinery. Eligible loan limit is up to INR 1.00 crore.

iii. **Public Procurement Policy – MSEs 2012:** 20% mandatory annual procurement from MSEs by Central Government Ministries, Departments & PSUs.

iv. **Lean Manufacturing Competitiveness Scheme (LEAN):**80% reimbursement of cost of hiring the lean manufacturing consultant (LMC) (Maximum LMC Charges INR 36.00 Lakh).

v. **Technology and Quality Upgradation Support to MSMEs (TEQUP):**75% reimbursement for product certification, up to INR 1.50 Lakh for National certification & up to INR 2.00 Lakh for International certifications.

vi. **Zero Defect Zero Effect (ZED) Scheme:** 50% to 80% Subsidy for MSMEs towards ZED Certification.

vii. **Micro & Small Enterprises - Cluster Development Program (MSE-CDP):** Up to INR 15.00 crore for Setting up of Common Facility Centres (CFCs) in MSE Clusters.

viii. **Support for Entrepreneurial and Managerial Development of SMEs through Incubators:** up to INR 8.00 Lakh grant for Incubation of Innovative Idea.

ix. **Design Clinic Scheme for design expertise to MSMEs manufacturing sector (DESIGN):** INR 15.00 Lakh to INR 40.00 Lakh grant to MSMEs for Design Development.

x. **Marketing Assistance & Technology Up-gradation Scheme in MSMEs (MATU):** Up to INR 2.25 Lakh reimbursement for participating in International Fairs.

xi. **Trade Related Entrepreneurship Assistance and Development Scheme- Scheme for Women (TREAD):** 30% grant (up to INR 30.00 Lakh) of loan / credit.

xii. **Promotion of Information and Communication Technology (ICT) in MSME Sector:** Up to INR 3.00 Lakh per unit, for a period of maximum of 3 years for cloud computing.

xiii. **Building Awareness on Intellectual Property Rights (IPR) for MSME:** Up to INR 25000 for domestic patent & up to INR 2.00 Lakh for foreign patent grant for Patents.

Government of Karnataka Schemes

i. **Prime Minister's Employment Guarantee Program** implemented by Director (MSME) provides financial assistance to the projects up to INR 25.00 Lakh for manufacturing sector and to the projects up to INR 10.00 Lakh for Service Sector is extended in the form of loan through various banks.

ii. **Karnataka Cluster Development Scheme (KCDS)** implemented by Director (MSME) aims at bringing out general attitudinal changes necessary to initiate improvement in the existing style of working of the MSEs in the quality & competitiveness adopting modern manufacturing/ processing technology.

iii. **Suvarna Kayaka Kaushalyabhivruddhi Yojane (SKKY)** implemented by Director (MSME) provides financial assistance for establishment of vocational training centres to Associations/ Non-Government Institutions/ Industries towards teaching equipment and machinery.

iv. **Specialized Technical Training Institute:** Infrastructure assistance for Government Specialized training institutes.

v. **Artisan Housing Cluster:** To provide housing-cum-work sheds for rural artisans, including blacksmiths, carpenters, weavers, potters, cobblers, masons, coir makers, stone cutters, mat weavers and basket weavers, eligible artisans can avail financial assistance of INR 2.20 Lakh each to construct houses of which INR 1.20 Lakh comes from the Rajiv Gandhi Housing Scheme, while the remaining funds come from Commerce and Industries Department.

vi. Different programs implemented under **Karnataka Khadi & Village Board (KVIB):**

   a) Incentive wages given to spinners, weavers and other Khadi workers and people working in societies.
   b) 20% from the Government of India on total production and 15% subsidy from State Government.
   c) Grants will be funded for national level exhibition and promotion.

vii. **To encourage Coir industry under MSME**: 10 per cent rebate on sales as market development assistance.

Annexure 8

List of Recognized Laboratories

1. CSIR-Advanced Materials and Processes Research Institute (CSIR-AMPRI), Bhopal
2. CSIR-Central Building Research Institute(CSIR-CBRI), Roorkee
3. CSIR-Centre for Cellular Molecular Biology(CSIR-CCMB), Hyderabad
4. CSIR-Central Drug Research Institute(CSIR-CDRI), Lucknow
5. CSIR-Central Electrochemical Research Institute(CSIR-CECRI), Karaikudi
6. CSIR-Central Electronics Engineering Research Institute(CSIR-CEERI), Pilani
7. CSIR-Central Food Technological Research Institute(CSIR-CFTRI), Mysore
8. CSIR-Central Glass Ceramic Research Institute(CSIR-CGCRI), Kolkata
9. CSIR-Central Institute of Medicinal Aromatic Plants(CSIR-CIMAP), Lucknow
10. CSIR-Central Institute of Mining and Fuel Research(CSIR-CIMFR) Dhanbad
11. CSIR-Central Leather Research Institute(CSIR-CLRI), Chennai
12. CSIR-Central Mechanical Engineering Research Institute(CSIR-CMERI), Durgapur
13. CSIR-Central Road Research Institute(CSIR-CRRI), New Delhi
14. CSIR-Central Scientific Instruments Organization(CSIR-CSIO), Chandigarh
15. CSIR-Central Salt Marine Chemicals Research Institute(CSIR-CSMCRI), Bhavnagar
16. CSIR Fourth Paradigm Institute(CSIR-4PI), Bengaluru
17. CSIR-Institute of Genomics and Integrative Biology(CSIR-IGIB), Delhi
18. CSIR-Institute of Himalayan Bio-resource Technology(CSIR-IHBT), Palampur
19. CSIR-Indian Institute of Chemical Biology(CSIR-IICB), Kolkata
20. CSIR-Indian Institute of Chemical Technology(CSIR-IICT), Hyderabad
21. CSIR-Indian Institute of Integrative Medicine(CSIR-IIIM), Jammu CSIR-Indian Institute of Petroleum(CSIR-IIP), Dehradun
22. CSIR-Indian Institute of Toxicology Research(CSIR-IITR), Lucknow
23. CSIR-Institute of Minerals and Materials Technology(CSIR-IMMT), Bhubaneswar
24. CSIR-Institute of Microbial Technology(CSIR-IMT), Chandigarh
25. CSIR-National Aerospace Laboratories(CSIR-NAL), Bengaluru
26. CSIR-National Botanical Research Institute(CSIR-NBRI), Lucknow
27. CSIR-National Chemical Laboratory(CSIR-NCL), Pune

28. CSIR-National Environmental Engineering Research Institute(CSIR-NEERI), Nagpur
29. CSIR-North - East Institute of Science and Technology(CSIR-NEIST), Jorhat
30. CSIR-National Geophysical Research Institute(CSIR-NGRI), Hyderabad
31. CSIR-National Institute for Interdisciplinary Science and Technology(CSIRNIIST), Thiruvananthapuram
32. CSIR-National Institute of Oceanography(CSIR-NIO), Goa
33. CSIR-National Institute of Science Communication and Information Resources(CSIRNISCAIR), New Delhi
34. CSIR-National Institute of Science, Technology and Development Studies(CSIR-NISTADS), New Delhi
35. CSIR-National Metallurgical Laboratory(CSIR-NML), Jamshedpur
36. CSIR-National Physical Laboratory(CSIR-NPL), New Delhi
37. CSIR-Structural Engineering Research Centre(CSIR-SERC), Chennai
38. CSIR-UNIT: Open Source Drug Discovery(CSIR-OSDD), New Delhi
39. CSIR-UNIT: Traditional Knowledge Digital Library(CSIR-TKDL), New Delhi
40. CSIR-UNIT: Translational Research and Innovative Science Through Ayurveda (CSIRTRISUTRA), New Delhi
41. CSIR-UNIT: Human Resource Development Centre(CSIR-HRDC), Ghaziabad
42. CSIR-UNIT: Unit for Research and Development of Information Products(CSIR-URDIP), Pune
43. CSIR Madras Complex(CSIR-CMC), Chennai

Annexure 9

Ease of Doing Business (EODB) initiatives implemented by Government of Karnataka

1. Karnataka Industrial Area Development Board

a. GIS based availability of Industrial Land and Infrastructure – displaying details about all State-owned industrial areas along with the prevailing land rates and infrastructure.

b. Online submission and tracking of applications for Land allotment, Building plan, Water supply connections and NOC's with integrated and secured payment gateway.

c. Timelines for approvals mandated under SAKALA with real time integration and daily reports/notifications to officers.

d. Objective criteria applicable for all State-owned industrial estates for evaluating land allotment applications.

e. KIADB to collect property tax in all industrial areas instead of local bodies.

2. Karnataka State Pollution Control Board

a. Well-defined procedure and checklist for consents and authorization published on the KSPCB's website.

b. Introduction of e-sign digital signature for the applicants to eliminate the need to submit physical copy of the application from December 2018.

c. Facility to download digitally signed Consent & authorization orders from applicant's login.

d. Issuance of CFE with a validity of 5 years for non-EIA Projects & co-terminus with Environment Clearance (EC) in case of EIA projects.

e. Validity of Consent for Operation (CFO) made 10 years for Green Category.

f. Validity of Consent for Operation (CFO) for Red & Orange categories extended from existing 1 year to 5 years.

g. Introduction of Self-Certifications and Third-Party Certifications under environmental laws

h. Provision for Auto-renewal of CFE & CFO based on self-certification/third party certification.

i. Exemption of "Green category" industries from environmental compliance inspection.

3. Department of Factories, Boilers, Industrial Safety and Health

a. Increase of validity of Factories Licences (and renewals) for 10 years or more

b. Introduction of Third Party Certifications for Boilers through Boiler Operation Engineer

c. End to end modules for Factory Plan Approval, Registration and Renewal of Factory license, Registration and Renewal of Boilers, Boiler Manufacturers and Erector.

d. Integrated payment facility for all services through Khajane-II

e. Online Filing of Returns (Form 20 – Annual, Form 21 half yearly)

4. Commercial Tax Department

a. Dedicated website for GST related procedures http://gst.kar.nic.in/

b. Clear information on list of service centres set up and helpline to assist taxpayers for e-filing of returns under the State/Union Territory GST Act published on department's website.

c. Constitution of Karnataka Authority for advance ruling and Karnataka Appellate Authority for Advance Ruling under relevant sections of KGST & CGST Act 2017 along with well-defined procedures and checklist on department's website.

d. "Spot approval system" for registration under Profession Tax.

5. Urban Development Department

a. Uniform Building Bye laws/ building code

b. Third party approval (by architects / structural engineers) for issuance of Completion Certificate

c. Implementation of LBPAS i.e., Land and Building Plan Approval System as end to end modules for Building Plan approval, Change in land use and intra-departments NOCs such as Forest, Fire etc.

d. Data of Property Tax payment dues online for all the Urban Local Bodies (ULBs) available in n public domain.

e. Reduction of documents for Trade licenses to only 2 i.e., Proof of Ownership/Rent Agreement and Affidavit/Declaration.

f. End to end online system for Trade license facilitating online application, submission, e-payment, tracking and provision for final certificate download.

6. Law Department

a. Establishment of 3 dedicated Commercial Courts for hearing of commercial cases.

b. Necessary measures taken to ensure the proper functioning of Commercial Courts in full capacity by allocation of adequate staff.

c. Published statistical data available on Law Department website regarding the number of suits, applications and appeals filed and pendency of such cases under Commercial Courts.

d. Model commercial contract templates for standardization.

7. Revenue Department

a. Provision for Deemed conversion under u/s 109, KLR Act, 1961.

b. Digitized rural land records available on Bhoomi portal for more than 10 years.

c. Department has recently launched online module for land conversion which is accessible on Bhoomi portal.

d. Digitize cadastral maps of all rural areas in the State made available in public domain

e. Integration of mutation process with the registration process and initiation of mutation process as soon as deed is registered without separate making separate application of mutation (Bhoomi-Kaveri Integration).

f. Provision on Bhoomi to search property details by name of owner, mutation date and survey no. of the property.

8. Stamps & Registration Department

a. Kaveri online portal to facilitate property registration, stamp duty calculation, payments and fix up an appointment for registrations.

b. Digitized urban and rural land transaction deeds and encumbrance certificates available on Kaveri portal for more than 10 years.

c. Kaveri integration with Bhoomi, E-Swathu and E-Aasthi for facilitating mutation process through automatic notice generation from SROs to concerned mutation authority for initiating property mutation.

d. Model deed templates for sale, gift, lease, mortgage and rent in downloadable and editable format made available on department's website.

e. End to end online system for Registration of Partnership firms enabling application submission, tracking, approval and final certificate download thereof.

9. Labour Department

a. Elimination of requirement of Renewals under Shops and Establishment Act

b. Registration under the Shops and Establishment Act in 1 day.

c. Complete online systems for the following services:

   i. License and renewal of contractors under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

   ii. Registration under The Shops and Establishment Act

   iii. Registration of principal employer's establishment under provision of The Contracts Labour (Regulation and Abolition) Act, 1970

   iv. Registration of establishment under the Inter State Migrant Workmen (RE&CS) Act,1979

   v. Single integrated return under all Labour Laws

d. Provision on department's website for Third party verification of approval certificates

e. Differentiation of compliance inspection requirements based on risk profile (such as High, Medium and Low risk)

10. Department of Legal Metrology

a. Clear information on procedures pertaining to application, inspection, renewals for manufacturer/dealer/repairer followed by documents and checklist available on department's website.

b. Robust system for identification of licensees to be inspected, allocation and randomisation of inspectors, submission of inspection reports within 48 hours by inspectors and accessibility of previous inspection reports to applicants.

c. End to end system for registrations and renewals under Legal Metrology Act, 2009 to facilitate online application, e-payment, tracking and final certificate download.

d. Provision for third parties to easily verify the approval certificates on department's portal.

11. Drug Control Department

a. Clear information on procedures regarding registrations and renewals on department's web portal

b. Online speedy approvals for grant of licenses for establishment of Medical Stores / Chemist & Druggists and subsequent renewal within 30 working days.

c. Grant of Fresh Drug Manufacturing license is provided within 60 days.

d. Digitally signed approval certificate can be downloaded from portal.

e. Introduction of perpetual licenses instead of renewals

12. Energy Department

a. Reduction of documents for obtaining new electricity connection to only 3 (no.) i.e., Proof of Identity of the user, Proof of ownership/occupancy(in case of owned/ leased premise) and Authorization document (in case of firm or company)

b. Complete online module for new electricity connection and online bill payments for all ESCOMs.

c. Published information available on all ESCOM's website regarding monthly data on total duration and frequency of power outages.

d. Monthly data regarding total duration and frequency of power outages online published in public domain by all ESCOMs.

e. Notification to customers of change in tariff ahead of the billing cycle (for commercial and industrial users) and existing tariffs information (in INR per kWh) on all ESCOMs website.

f. Notification about the planned outages (maintenance and load shedding) for next 1 month in advance available on all ESCOMs website.

Annexure 10 - Abbreviations

Sr No	Abbreviation	Expansion
1.	ADR	Adverse Drug Reaction Reporting Centres
2.	AMTTF	Advanced Machine Tool Testing Facility
3.	AMRUT	Atal Mission for Rejuvenation and Urban Transformation
4.	APMC	Agricultural Produce Market Committee
5.	ATI	Artisan Training Institutes
6.	AVGC	Animation, Visual Effects, Gaming and Comics
7.	AYUSH	Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy
8.	BESCOM	Bengaluru Electricity Supply Company Ltd
9.	BIS	Bureau of Indian Standards
10.	BMEC	Bengaluru Mumbai Economic Corridor
11.	BPO	Business Process Outsourcing
12.	BRAP	Business Reform Action Plan
13.	CAF	Common Application Form
14.	CAGR	Compound Annual Growth Rate
15.	CBIC	Chennai Bengaluru Industrial Corridor
16.	CCC	China Compulsory Certificate
17.	CDP	Cluster Development Programme
18.	CEDOK	Centre for Entrepreneurship Development of Karnataka
19.	CETP	Common Effluent Treatment Plant
20.	CFO	Consent for Operation
21.	CFS	Container Freight Station
22.	CLCSS	Credit linked Capital Subsidy Scheme
23.	CMTI	Central Manufacturing Technology Institute
24.	CNC	Conventional & Computerized Numerically Controlled
25.	CRO	Clinical Research Organizations
26.	CSIR	Council of Scientific & Industrial Research
27.	CSR	Corporate Social Responsibility
28.	DGFT	Directorate General of Foreign Trade
29.	DIC	District Industries Centre
30.	DLSWCC	District Level Single Window Clearance Committee
31.	DMIC	Delhi Mumbai Industrial Corridor
32.	DMS	Document Management System
33.	DPIIT	Department for Promotion of Industry and Internal Trade
34.	EBRC	Electronic Bank Realization Certificate
35.	EC	Environment Clearance
36.	ECGC	Export Credit Guarantee Corporation of India
37.	EHTP	Electronic Hardware Technology Park
38.	EIA	Environmental Impact Assessment
39.	EMD	Earnest Money Deposit
40.	EODB	Ease of Doing Business
41.	EPIP	Export Promotion Industrial Park
42.	ESCOM	Electricity Supply Companies
43.	ESDM	Electronics System Design and Manufacturing

Sr No	Abbreviation	Expansion
44.	ETP	Effluent Treatment Plant
45.	EV	Electric Vehicle
46.	EXIM	Export Import
47.	FAR	Floor Area Ratio
48.	FDI	Foreign Direct Investment
49.	FIEO	Federation of Indian Export Organisation
50.	FMCG	Fast Moving Consumer Goods
51.	FOB	Freight on Board
52.	FSSAI	Food Safety and Standards Authority of India
53.	FTE	Fixed Term Employment
54.	FTWZ	Free Trade Warehouse Zones
55.	GI	Geographical Indicators
56.	GIS	Geographical Information System
57.	GMP	Good Manufacturing Practice
58.	GoI	Government of India
59.	GSDP	Gross State Domestic Product
60.	GST	Goods & Services Tax
61.	GTTC	Government Tool & Training Centre
62.	GVC	Global Value Chains
63.	ICD	Inland Container Depots
64.	ICT	Information & Communication Technology
65.	IKF	Invest Karnataka Forum
66.	IoT	Internet of Things
67.	IP	Intellectual Property
68.	IT	Information Technology
69.	ITI	Industrial Training Institute
70.	JCCIB	Japan Chamber of Commerce and Industry
71.	JETRO	Japan External Trade Organization
72.	JICA	Japan International Cooperation Agency
73.	JICA	Japan International Cooperation Agency
74.	JIT	Japanese Industrial Township
75.	KAPPEC	Karnataka State Agricultural Produce Processing and Export Corporation Limited
76.	KARSEMVEN Fund	Karnataka Semiconductor Venture Capital Fund
77.	KCDS	Karnataka Cluster Development Scheme
78.	KCTU	Karnataka Council for Technological Upgradation
79.	KIADB	Karnataka Industrial Area Development Board
80.	KITVEN Fund	Karnataka Information Technology Venture Capital Fund
81.	KLD	Kilo Litre Per Day
82.	KLR Act	The Karnataka Land Reforms Act 1961
83.	KPTCL	Karnataka Power Transmission Corporation
84.	KSFC	Karnataka State Financial Corporation
85.	KSIDC	Karnataka State industrial development corporation
86.	KSSIDC	Karnataka State Small Industries Development Corporation Ltd
87.	KUM	Karnataka Udyog Mitra

Sr No	Abbreviation	Expansion
88.	LBPAS	Land and Building Plan Approval System
89.	LMI	Large, Mega, Ultra Mega, Super Mega Industries
90.	MIIUS	Modified Industrial Infrastructure Up-gradation Scheme
91.	MIS	Management Information System
92.	MMLP	Multi Modal Logistics Parks
93.	MNCs	Multinational Corporation
94.	MSME	Micro, Small & Medium Enterprises
95.	MTPA	million-tonne per annum
96.	NCDX	National Commodity & Derivatives Exchange
97.	NIMZ	National Investment and Manufacturing Zones
98.	NMPT	New Mangaluru Port Trust
99.	NMPT	New Mangaluru Port Trust
100.	NRI	Non-Resident Indian
101.	OEM	Original Equipment Manufacturer
102.	PFC	Price Fixation Committee
103.	PPP	Public Private Partnership
104.	PRIDE	Peninsular Region Industrial Development
105.	PSU	Public Sector Undertaking
106.	QMS	Quality Management Standards
107.	QTT	Quality Technology Tools
108.	R&D	Research & Development
109.	RBZ	Rural Business Zones
110.	ReMS	Rashtriya e Market Services Private Ltd
111.	SGST	State Goods & Services Tax
112.	SHLCC	State High Level Clearance Committee
113.	SIR	Special Investment Regions
114.	SKKY	Suvarna KayakaKaushalyabhivruddhi Yojane
115.	SLCC	State Level Co-ordination Committee
116.	SLSWCC	State Level Single Window Clearance Committee
117.	SPV	Special Purpose Vehicle
118.	SRO	Sub Registrar Office
119.	STP	Secondary Treatment Plant
120.	SUC	Single Unit Complex
121.	TEE	Town of Export Excellence
122.	TEQUP	Technology and Quality Upgradation Scheme
123.	TTC	Technology Transfer Centres
124.	ULB	Urban Local Bodies
125.	VFA	Value of Fixed Assets
126.	VTPC	Visvesvaraya Trade Promotion Centre
127.	ZED	Zero Effect Zero Defect

Annexure 11

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